

# Real Estate Solutions

## Executive Compensation and Corporate Governance Solutions



In today's competitive real estate market, it is critical that your compensation consultant not only understands compensation and governance practices but is also an expert in real estate and the capital markets that serve it. The Executive Compensation and Corporate Governance practice at FTI Consulting has served as the trusted advisor to over 100 public and private real estate companies. We are uniquely qualified to advise clients on complex and routine compensation and other strategic matters by leveraging our in-depth knowledge of the real estate industry and the issues directly impacting REITs, privately-owned real estate companies and real estate private equity. Our extensive institutional knowledge allows us to develop compensation programs that are built around a company's business plan, which is only possible by engaging in relationship-driven consulting that focuses on the underlying culture and strategy at each company.

### A FULL RANGE OF SOLUTIONS

Our dedicated team has practical hands-on experience partnering with both Compensation Committees and management teams to design custom-tailored compensation programs around the key drivers and unique dynamics of each client. We have served as the compensation consultants and corporate governance advisors to over 100 public and private real estate companies on a range of compensation and corporate governance-related matters, including:

- *Competitive Compensation Review*
- *Incentive Plan Design*
- *Proxy-Related Services*
- *Corporate Governance Services*
- *Litigation Support*
- *Corporate Transaction Services*

### OUR SERVICES

**Competitive Compensation Review** – Partner with Compensation Committees and management teams to perform a comprehensive review of competitive market data and provide thoughtful recommendations for the following:

- Pay magnitude
- Program structure
- Benefits and perquisites
- Employment and severance agreements
- Pay philosophy and objectives
- Board of directors compensation

**Incentive Plan Design** – Prepare in-depth analyses and recommendations for short- and long-term incentives that consider the following:

- Performance metric and goal setting to drive real performance
- Balance of objective financial goals and subjective corporate and individual goals
- Plan leverage
- Accounting and tax implications
- Plan vehicle selection
- Payout calculations

**Proxy Related Services** – Provide guidance and best practice related to proxy statement disclosure and other materials relating to say-on-pay proposals:

- Draft content and enhanced graphics for the proxy statement
- Termination table calculations
- CEO pay ratio calculations
- Equity incentive plan design
- Audit of compensation tables

**Corporate Governance Services** – Provide support to the Board of Directors for key governance areas, including:

- Compensation risk assessments
- Board and executive evaluations
- Governance diagnostics
- Shareholder engagement and outreach

**Litigation Support** – Drawing upon our extensive compensation knowledge base and technical expertise, we provide professional litigation support services and expert testimony for compensation-related litigation. Our seasoned compensation, tax and accounting professionals can be valuable assets amidst the complex legal issues and challenges of compensation-related matters. We provide the following compensation-related litigation support services:

- Expert Witness Testimony
- Expert Witness Reports
- Arbitration/Mediation

#### **Corporate Transaction Services**

- **IPO Compensation Services** –We serve as compensation advisors on IPO and 144A offerings, which includes the structuring of pre- and post-IPO cash and equity compensation that balances executive liquidity and shareholder dilution concerns
- **Mergers and Acquisition Services** –Our transaction-related services include the computation of 280G excise tax gross-up payments, negotiation of employment, non-compete and retention agreements, and analysis and computation for all compensation-related costs of the transactions. We also advise companies on the post-acquisition integration of employees into the new corporate structure
- **Management Internalizations** –We are uniquely suited to advise companies through the complex process of converting from an externally-managed to a self-managed real estate company. Our services include valuing the external manager, structuring the compensation program for the management team upon becoming employees of the REIT, assisting with tax and accounting matters, preparing strategic communications to effectively explain the internalization process to investors and analysts and issuing fairness opinions

#### **Expertise and Approach**

Over the last 15 years, the FTI Consulting Executive Compensation and Corporate Governance Solutions team has served as the trusted advisor to over 100 public and private real estate companies. We provide objective and sound advice and strive to implement a comprehensive executive compensation program that attracts and retains top talent, effectively rewards and motivates management for the right kind of performance, and closely aligns the interests of employees with those of the company's shareholders and investors. Our team of professionals has significant experience providing practical guidance in implementing compensation programs that are aligned with each company's strategic plan and reward employees for creating tangible value, as well as tax structuring, deal structuring and value-add governance changes.

At FTI Consulting, we believe that effective compensation and governance advice cannot be accomplished through a transactional process. Instead, we engage in relationship-driven consulting that emphasizes:

Investing the time to understand the board and management's perspective as it relates to the business plan, company strategy, company culture and compensation program objectives

Understanding the real estate fundamentals at each company and building a compensation program around the business strategy

Providing strategic advice based on a range of compensation factors, including economic, tax, accounting, institutional investor policies and governance standards

Ensuring that our clients are up-to-date on compensation and governance matters and trends by publishing regular client alerts and hosting periodic webinars

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#### **EXPERTS WITH IMPACT™**

#### **About FTI Consulting**

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.

FTI Consulting, Inc., including its subsidiaries and affiliates, is a consulting firm and is not a certified public accounting firm or a law firm.

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