



May 5, 2020

Dear Landlord,

We hope you and your loved ones are healthy and weathering COVID-19 as best possible. It is a tragedy like no other, and beyond the overwhelming personal impact, the lockdown has sparked a staggering economic crisis. We are all naturally concerned about the months ahead.

Just last week [in a letter to U.S. government officials](#), the National Restaurant Association estimated the economic impacts from COVID-19 could reach ~\$225 billion during the next three months with more than 5 million to 7 million jobs lost. Many restaurants and retailers have already collapsed, yet Starbucks has held steadfast – paying partners (employees) and supporting the vulnerable and frontline heroes in our communities. We have also continued to pay our suppliers and landlords on time and in full. Now, as we enter the next phase of this public health and economic crisis, we must both adapt to new realities if we are to emerge more resilient.

As landlord and tenant, neither of us is immune from the effect of government directives, guidance from health officials, and changes in consumer behavior resulting from self-isolation and social distancing. We are journeying into the unknown as the coronavirus begins to substantially impact our businesses, and the psychological and economic scars will last for months, if not years, to come. Digging deeper, the numbers are stunning: The International Monetary Fund [projects this year's global growth](#) to fall to -3 percent, a downgrade of 6 percentage points from January; U.S. retail sales have [declined nearly 9 percentage points](#); and more than [26 million Americans](#) – roughly 15 to 20 percent of our country's labor force – has lost their jobs. This is the worst recession since the Great Depression and far more devastating than the global financial crisis. What lays ahead is daunting but is by no means insurmountable with a shared commitment and a clear path forward.

For Starbucks, our path starts with reopening many of our stores beginning May 4 as states relax stay-at-home orders and communities prepare to resume business. We will take a “monitor and adapt” approach, similar to our actions in China, and gradually expand and shift the experiences we offer. To ensure our stores do not just survive, but thrive, we must adjust for the virus' impact on behavioral changes, occupancy, and sales channels like drive-thru and contactless pickup and delivery. On the other side of COVID-19 is a very different world, and success requires transforming the *Starbucks Experience* to better match our customers' new reality.

With this in mind, effective June 1 and for at least a period of 12 consecutive months, Starbucks will require concessions to support modified operations and adjustments to lease terms and base rent structures, so we can withstand this uncertainty together.

In many ways, this historic shift is dramatic; yet it's simply accelerated the trends in retail and digital commerce, driving us to close, renegotiate, and reinvest in the right footprint for Starbucks. Of course, none of us know the full extent of the challenges ahead, but it is clear the value of commercial real estate has changed. We understand what we ask of you may not be easy, and our commitment is to be fair in our discussions.

We look toward the future with realistic optimism and expect, as you have in the past, your support in the enduring success of the Starbucks brand. We will be in touch soon.

With best regards,
Roz

Roz Brewer,
Chief Operating Officer and Group President, Americas
Starbucks Coffee Company