

VICTORY PLAZA
2343 S. Queen Creek Rd Gilbert AZ 85298

Letter of Intent

Date:

Tenant:

Landlord: **Victory Plaza Gilbert, LLC**, PO Box 1412 Higley AZ 85236

Building: Pad – per attached site plan – Exhibit A

Leased Space:

Permitted Uses:

Exclusive Uses: Tenant will have the following exclusive uses in the Victory Plaza Shopping Center:

Base Rent: \$ **PSF** per year + **rental tax (currently 2.0%) + NNN** paid monthly on or before the 1st of each month with 3.0% annual increases starting in year 2.

Initial Term: 10 years

Option Terms: Two (2) Five (5) year option periods which shall begin at the end of the initial lease term. Three percent (3.0%) annual increases in Basic Rent during option periods. Other provisions of the Lease remain in effect during option periods.

Operating Costs: Landlord shall maintain the common areas and building exterior. Tenant shall reimburse Landlord on a pro-rata basis for its shares of the property expenses (taxes, insurance, CAM) with a CAP on controllable expenses at five percent (5%) annually. Currently estimated to be **\$7.50/SF Annually**

Utilities: Landlord will pay all initial hook-up and impact fees. Tenant will be obligated to pay for all utilities consumed on the premises after the delivery date. This will include electric, water/sewer, communications, and gas if available. Separate meters will be installed for each leased space.

Lease Commencement: Rent will commence days from the date of acceptance of the Shell space by Tenant following completion of Landlord’s work per Schedule B-1 attached or opening of business whichever comes first.

Security Deposit: Tenant shall provide a security deposit equal to two month’s rent due immediately upon lease execution payable to Victory Plaza Gilbert, LLC.

Guaranties: If Tenant is a legal entity, such as a limited liability company, Tenant will provide personal guaranties for the initial term of the Lease from the owners of such entity and such related persons as Landlord deems necessary after reviewing Tenant’s financial and organizational information. In addition, if Tenant is a franchisee, Tenant will provide a guaranty for the initial term of the Lease from Tenant’s franchisor.

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Improvements:

Landlord shall provide a – Warm Grey shell or a Warm White shell per Shell Exhibit B-1. Tenant shall pay for all improvements beyond those detailed in Exhibit B-1. A TI allowance of \$ per SF of leased space will be paid to the tenant upon completion of work and acceptance by Gilbert in the form of a Certificate of Occupancy and proof of payment to all contractors and consultants. All leasehold improvements shall become property of Landlord upon completion of this work. All TI work must be approved by Landlord prior to obtaining of construction permit. As-built documents shall be provided to Landlord upon completion to include digital copies of all documents.

Signage:

Landlord will allow Tenant to install one sign on the front of the building, one on each of the two monument signs at each development entry. All signage will be provided and installed by Tenant only on areas designated by Landlord.

Parking:

Landlord will provide a sufficient number of non-exclusive parking stalls to include handicapped parking to comply with the town of Gilbert's standards based off building use.

Patio:

If Tenant is submitting Letter of Intent (LOI) on space adjacent to a patio, Tenant will be allowed to use the patio space shown on Exhibit A and will be responsible for keeping the patio area clean. Tenant will be allowed to place tables, chairs, and umbrellas in the patio area, but Tenant use of the patio area will be non-exclusive and other tenants of the Shopping Center will be allowed to use the patio area as well.

Drive Thru:

If Tenant is submitting this LOI on a drive thru space, Tenant will have exclusive use of the single lane drive thru. Please see details on shell exhibit for drive thru equipment and systems provided by Landlord. The level of finish on the drive thru depends on the level of finish requested above in Tenant Improvements - (Warm Grey Shell or Warm White Shell).

Maintenance and Repair:

Landlord shall be responsible for maintenance of building exterior, roof, concrete, electrical, and exterior plumbing. Tenant shall maintain HVAC system, all interior space to include all interior walls, finishes, flooring, ceilings, plate glass on any storefront, interior doors, or any other interior finishes as well as any equipment provided and installed by them.

Additional Items:

Tenant will provide the Landlord prior three years of financials, both business and personal (franchisee's info) and proof of cash reserves for six month's rent or access to capital for six months' rent. If applicable, Tenant shall also provide a current list of franchises it operates as well as any planned to be opened in the next 18 months. These items will be delivered to Landlord within 10 days of Landlord's receipt of acceptance of this LOI. This information may be submitted to the Landlord's lender for review and approval. Tenant acknowledges Landlord's lender's approval of the Tenant is required for Landlord to obtain financing to build out the Tenant's space.

Lease Agreement:

Landlord will prepare a lease agreement reflecting the terms in this letter using Landlord's standard lease template. Landlord and Tenant will attempt to finalize and sign the lease agreement within 30 days after the date both Landlord and Tenant have signed this LOI.

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RE Commissions: If Landlord and Tenant execute the Lease, Landlord will pay a commission of three percent (3%) of the total aggregate base rent payable during the initial lease term to Tenant's broker [] as follows: (a) the first 10% of the commission shall be paid if and when Landlord's receives the fully executed Lease, the Security Deposit and approval of Tenant's financial condition by Landlord and Landlord's lender; (b) an additional 25% of the commission will be paid if and when Tenant accepts the shell space following Landlord's work and Landlord receives proof that Tenant has received the TI permits, has funding sufficient to complete the TI work and has obtained insurance required under the lease; and (c) the remaining 65% of the commission will be paid if and when the Rent Commencement Date occurs and Landlord has received all payments due from Tenant on or before the Rent Commencement Date.

Exclusivity: For a period of 90 days following the date both Landlord and Tenant have signed this LOI, Tenant will not initiate, solicit or participate in any discussions or negotiations or enter into any letter of intent, proposal, agreement or lease with respect the lease of any other property, space or premises located within five miles of the Victory Plaza Shopping Center. If Tenant violates this restriction, Tenant shall be liable for all legal fees and expenses incurred by Landlord in connection with the negotiation and preparation of this LOI and the lease agreement. Anything in this LOI to the contrary notwithstanding, the provisions of this section shall be binding on Tenant and enforceable by Landlord. If Tenant violates the provisions of this section, Tenant shall be liable for all costs and expenses, including, without limitation attorneys' fees, incurred by Landlord to enforce or recover damages for Tenant's violation of this section.

Confidentiality: Tenant shall hold the terms and conditions of this LOI confidential and shall not disclose any terms of this Letter of Intent to any third party other than Tenant's attorneys, accountants, lenders and advisors who will also hold the terms hereof in confidence. Anything in this LOI to the contrary notwithstanding, the provisions of this section shall be binding on Tenant and enforceable by Landlord. If Tenant violates the provisions of this section, Tenant shall be liable for all costs and expenses, including, without limitation attorneys' fees, incurred by Landlord to enforce or recover damages for Tenant's violation of this section.

Non-Binding: Except for the "Exclusivity" section and the "Confidentiality" section, which shall be binding on Tenant and enforceable by Landlord: (a) this LOI serves as an outline of the proposed basic business terms and conditions and is non-binding on either party; (b) neither party shall be legally bound unless and until a formal lease document shall be executed and delivered by both parties; and (c) Landlord and Tenant each acknowledge and agree that each party is proceeding with negotiations relating to the proposed lease at its sole cost and expense and that either party may terminate negotiations at any time and for any reason without any liability or obligation.

Time for Acceptance: This Letter of Intent shall automatically expire if Landlord has not received a fully executed copy of this Letter of Intent by 5:00 p.m., MST, on the date that is 20 days following the date of this LOI.

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Should you be interested in proceeding with the lease agreement as outlined above, please have the appropriate parties sign in the spaces provided below.

This Letter of Intent may be executed in counterparts and electronically, including, without limitation, by use of an online digital signing service, such as www.docusign.com.

TENANT - Franchisee:

LANDLORD:

Name: Title Mark Jones, Manager
Company: Victory Plaza Gilbert, LLC
Address: PO Box 1412 Higley AZ 85236

GUARANTOR:

TENANT – Parent Company – Franchisor

LANDLORD:

Name: Title Mark Jones - Manager
Company: Victory Plaza Gilbert LLC
Address: PO Box 1412 Higley AZ 85236