

ABC Commercial Sales and Leasing

1100 Wilson Boulevard, Arlington, Virginia 22201 – 703-888-8888

October 10, 2016

Harry Smith
Smith Commercial Properties
2822 Clarendon Boulevard
Arlington, VA 22201

Dear Mr. Smith:

This Letter of Intent sets forth the basic terms of a proposal from our client, Rachel Ross, to lease the subject property.

- 1. Tenant:** To be formed LLC, T/A *Rachel's Bakery*.
- 2. Premises:** 2868 Wilson Boulevard, Arlington, Virginia 22201
Consisting of approximately 1,200 square feet of retail space.
The exact size will be confirmed by Tenant's architect.
- 3. Use:** The retail sale of assorted cakes, pies, and pastries, etc. typically sold in a bakery - and nothing else without Landlord's written approval.
- 4. Non-Compete:** There will no other bakery in the center and no other tenant in the Center will be permitted to sell more than 20% of similar merchandise.
- 5. Lease Term:** The initial Lease Term shall be ten (10) years.
- 6. Minimum Rent:** The Minimum Base Rent shall be forty dollars (\$40.00) per square foot, Triple Net (NNN).
- 7. Lease Commencement:** At time of Lease Execution.
- 8. Rent Commencement:** The earlier of 120 days from Lease Commencement or the date Tenant opens for business.
- 9. Rent Increases:** Commencing on the 1st anniversary of the Lease Commencement Date and on each subsequent anniversary date thereafter during the Term, the Base Rent will increase 3%.
- 10. Percentage Rent:** Percentage Rent at 6% applied to sales above a normal break point.

- 11. Real Estate Taxes and CAM:** Tenant shall pay its pro-rata share of Real Estate Taxes and Common Area Maintenance expenses, (CAM) estimated at \$4.00 per sq ft for Real Estate Taxes and \$7.50 per sq ft for CAM.
- 12. Option to Extend:** Provided there has been no uncured Default under the Lease, Tenant shall have two (2) Options to extend the Lease for the entire premises for five (5) years each, at the then market rate, with no less than one-hundred eighty days (180) written notice to Landlord.
- 13. Utilities:** Tenant's premises shall be separately metered and Tenant shall be responsible for the direct payment of all utility services, including gas, electric, and water.
- 14. Condition of Premises:** Landlord will deliver and Tenant accepts the premises in as-is condition.
- 15. Tenant's Work:** Tenant shall be responsible for all improvements, including, but not limited to HVAC, electrical, plumbing, and trade fixtures. All improvements shall be completed with high quality materials and workmanship. All plans and specifications shall be subject to Landlord's review and written approval prior to commencement of any construction within the premises. All Tenant improvements and construction will fully comply with all government requirements and regulations.
- 16. Tenant Improvement Allowance:** Landlord shall make available to Tenant an allowance (the "Tenant Improvement Allowance") equal to \$40.00 per square foot for the 1,200 square foot premises. The Tenant improvements shall be completed in accordance with the approved plans, the building permits, in a good and workmanlike manner, and in accordance with the terms of the Lease. Tenant shall be responsible for all costs in excess of the Tenant Improvement Allowance.
- The Tenant Improvement Allowance will be paid to the Tenant within 30 days after Tenant has opened for business and after Landlord receives Release of Lien documents from the General Contractor and each sub-contractors.
- 17. Signage:** Tenant shall obtain approvals for and install, at Tenant's sole cost and expense, the building signage allowable by code and in accordance with Landlord's sign criteria.
- 18. Initial Deposit:** At Lease execution, Tenant shall provide Landlord with one (1) month's Base Rent, Real Estate Taxes and Common Area Maintenance Charges, (CAM) which shall be applied to the first month of rent due.

- 19. Security Deposit:** At Lease execution, Tenant shall provide Landlord with one (1) month's Base Rent, Real Estate Taxes and Common Area Maintenance Charges, (CAM) which shall be held as a Security Deposit.
- 20. Guaranty:** Rachel and Thomas Ross will provide a limited personal guaranty.
- 21. Radius Restriction:** During the first Lease term of 10 years, Tenant agrees not to open a similar retail store within a three (3) mile radius of the premises.
- 22. Lease:** To be prepared by Landlord on its form.
- 23. Brokerage:** Smith Commercial Properties, acting as agent for the landlord, and ABC Commercial Sales and Leasing, acting as the agent for the Tenant, per separate agreement.

This proposal is not intended to constitute an agreement that will be legally binding on either party hereto, and is merely an expression of interest, and is subject to negotiation and execution of a lease by and between the parties. Moreover, until a lease is signed by and between the parties, either party may terminate negotiations, at any time, with no obligation to the other. Neither the expenditure of funds nor the taking of any actions by Landlord or Tenant with respect to this Letter of Intent or the transaction contemplated hereby will be regarded as the partial performance of a binding agreement and both parties expressly waive any right to assert claims for reimbursement or damages against the other party arising out of such expenditures and/or actions.

If the above terms and conditions reflect our business agreement, please sign one of the enclosed copies of this Letter of Intent and return it to me.

Thank you in advance for your consideration.

Sincerely,

Mary Dodd
 Leasing Agent
 ABC Commercial Sales and Leasing

Signatures:

 Landlord's Signature

 Tenant's Signature

 Landlord's Signature

 Tenant's Signature