

Negotiation in Practice Webinar

Sample Letter of Intent

Griff's Chicago Pizzeria

November 17, 2021

Elizabeth Holland
Abbell Associates
30 N. LaSalle St
Chicago, IL 60602

**Re: Proposed Griff's Chicago Pizzeria
Prime Plaza, Chicago, IL ("Property")**

Dear Liz:

This letter is intended to set forth the general terms and conditions upon which Griff's Chicago Pizzeria ("Tenant") would be willing to lease certain retail space at the above referenced Property. Please understand that this is merely a general letter of intent summarizing our recent discussions regarding a possible lease and is not intended to be binding upon either Landlord or Tenant.

Subject to the terms and provisions hereof, and the further negotiation and execution in writing of a mutually agreed upon formal written Lease (the "Lease") by both Landlord and Tenant, Tenant is interested in proceeding under the following general terms and conditions:

Landlord: Prime Plaza LLV C/O Abbell Associates, Chicago, IL

Tenant: **Griff's Chicago Pizzeria at Prime Plaza, LLC**

Guarantor: John Griffith

Guaranty: Guarantor shall provide a guaranty of all of Tenant's obligations under the Lease which are payable or performable during first lease year, ~~up to~~ **\$25,000**

Security Deposit: 1 month. ~~Returned as 13th month's rent~~

Premises: Approximately 3,000 SF (space 32) as shown on attached "Exhibit A"

Permitted Use: Restaurant serving primarily pizza for sit-down dining, take-out and delivery, and chicken, burgers and deli sandwiches.

Initial Term: Five (5) years

Option Term: Landlord will provide the Tenant the opportunity to renew the Lease for two (2) additional Option Terms at the then market rate rent, at for five (5) years, with three hundred sixty-five (365) days advanced written notice to Landlord.

Delivery Date: Upon the full execution of a mutually agreed upon Lease and Landlord's completion of Delivery Conditions.

Rent Commencement: The earlier of one hundred and twenty (120) days following the date Landlord delivers possession of the Premises, or the date Tenant opens for business.

Base Rent Schedule:

<u>Years</u>	<u>PSF</u>	<u>Annual Base Rent</u>
1-5	\$22.00	\$66,000.00

Annual Base Rent shall increase every five (5) years by ten percent (10%) and shall continue with said escalations throughout the balance of the term, including Options, if exercised by Tenant. Option Term Base Rent shall be adjusted to market rate at Option Term Commencement and shall increase thereafter by 2% per year for each Option Term Year.

Additional Expenses: The above rent schedule is exclusive of real estate taxes, insurance, and operating expenses, which shall be paid by Landlord, and reimbursed by Tenant on a proportionate basis. No A Five Percent (5% management fee or administrative fee shall be added to Tenant's share of Operating Expenses. Tenant's share of Additional Expenses in Year 1 shall be estimated to be \$7.65 PSF.

Utilities: Tenant shall pay for its own Utilities directly to the service provider upon delivery of Premises, which shall be delivered separately metered by the Landlord. Landlord will provide Tenant with meter numbers and locations.

Delivery Conditions: Landlord shall deliver the Premises in "As-Is, Where is" condition. Working HVAC and no roof leaks.

Tenant's Work: Tenant shall perform any and all work to the Premises necessary for the Permitted Use (at Tenant's sole cost and expense, subject to the TIA), subject to the Landlord's prior approval of Tenant's plans, which shall not be unreasonably withheld or delayed. Tenant shall promptly apply for and diligently pursue all permits and governmental approvals required for Tenant to open and operate as required.

- TIA:** Landlord to provide up to Thirty-Five dollars and 00/100 (\$35.00) per square foot towards the actual cost of Tenant Improvements, to be paid at 50% at lease signing and 50% after receipt of all Mechanics Lien Waivers following completion of construction. ~~If any Tenant Improvements trigger the need for additional improvements or compliance with ADA or or other applicable law, then such additional improvements or compliance costs will be at the responsibility of the landlord.~~
- Maintenance Responsibilities:** Landlord shall be responsible for the following (including, but not limited to): maintaining the foundation, structural portions of the building, roof, common area maintenance and replacement, snow/ice removal and keeping the exterior portions of the property in compliance with all applicable government laws and regulations including ADA ~~(unless such compliance is triggered by the Permitted Use or by any Tenant Improvements),~~ In the event such compliance is triggered by the Permitted Use or by any Tenant Improvements in which case such compliance costs shall be at Tenant's sole cost and expense. Tenant shall be responsible for maintaining the interior of the Premises, Tenant Improvements, plumbing and plumbing fixtures exclusively serving the Premises, plate glass, tenant signage and any damage to the Premises caused by Tenant or its agents, contractors or employees' (each a "Tenant Party") negligence or willful misconduct and all HVAC repair and quarterly maintenance.
- Signage:** Tenant shall have the right, at its sole cost and expense, to install its sign package subject to municipal and Landlord approval, not to be unreasonably withheld, delayed, or conditioned – consistent with Landlord's standard signage criteria.
- Outdoor Seating:** Tenant shall be permitted to place 'outdoor patio style' tables and chairs in front of Tenant's storefront as permitted by local code and private restrictions with Landlord's prior approval. Maintenance of tables and chairs, including maintaining them in a clean and sanitary condition shall be the sole responsibility of the Tenant.
- Exclusive Use:** Excluding any tenants under existing leases at the Property (as such existing leases may be renewed or extended), Landlord agrees not to enter into a new lease with another tenant at the Property whose primary business is the sale of pizza.
- Co-Tenancy:** If any Major Tenant (~~Jones~~Hutensky Souper Supermarket or ~~Big Box~~Crosshairs Discounter) ceases to operate and/or if center occupancy

is less than 65%, (each a "Co-Tenancy Failure") [and Tenant's monthly sales fall by more than 15% thereafter on an annualized basis](#), Tenant will immediately cease paying base rent and pay 50% of base rent instead for as long as the Co-Tenancy Failure continues. After 12 consecutive months, the Tenant will also have the right to terminate its lease with 30-day notice. [If Tenant elects not to terminate the lease after 12 months, all MBR and Additional Expenses shall be reinstated in full.](#)

Assignment

and Subletting:

Tenant shall be permitted to assign/sublet their lease [to a similar business selling pizza](#) without the Landlord's prior written consent. [Such Assignment and Subletting shall not release Tenant from liability for full performance under the Lease.](#)

Brokerage:

Per a separate agreement between Landlord and Windy City Brokerage.

Lease Form:

[Tenant](#)Landlord's lease form will be used.

This proposal is intended solely to express the terms upon which the parties would be willing to enter into negotiations for a lease. For the protection of the parties, this letter does not constitute an enforceable agreement between the parties. Neither party shall be bound by the terms hereof or have any obligations to the other party until a mutually acceptable lease has been executed and delivered by each party. Until such time as a lease has been fully executed and delivered, either party may suspend or terminate negotiations without liability of any kind.

Should this letter be acceptable to you, please counter execute the enclosed copy and return it to me, at which point you can begin preparing the lease.

BY: _____
John Griffith

AGREED, THIS _____ DAY OF _____, 2021

BY: _____
Landlord

This sample letter of intent was created by the Presenters and are for informational purposes, only for the purposes of this webinar. ICSC makes no representations or warranties for the accuracy, completeness, or reliability of the terms and conditions contained in this document.