

EXCLUSIVE NET-LEASE OFFERING

# PANERA BREAD SALE-LEASEBACK

BRAND NEW CONSTRUCTION

Representative Photo



## OFFERING MEMORANDUM



1452 North Pebblecreek Pkwy - Goodyear, AZ 85395



# Confidentiality and Disclaimer

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

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Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some

properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

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income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

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ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS. Activity ID: ZAA0331409



1452 North Pebblecreek Pkwy - Goodyear, AZ 85395

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# Investment Highlights

PRICE: \$3,732,887 | CAP: 4.75% | RENT: \$177,312



## About the Investment

- ✓ Brand New Construction; Opening December 2019!
- ✓ Long-Term, 15-Year Absolute Triple-Net (NNN) Lease
- ✓ Lease Commencement Upon Close of Escrow
- ✓ Has Eight Percent Rental Increases Every Five Years
- ✓ Has Four, Five -Year Tenant Renewal Options, Bringing the Potential Lease Term to 35 Years
- ✓ Corporate Tenant | Corporate Guarantee

## About the Location

- ✓ Dense Retail Corridor | Walmart, Walgreens, Chase Bank, Safeway, Staples, Dollar Tree, McDonald's, Starbucks, Burger King, as well as Many Others
- ✓ Strong Academic Presence | Less Than Two Miles from Desert Edge High School | Over 1,760 Students Enrolled
- ✓ Affluent Suburban Community | Average Income within a Three-Mile Radius Exceeds \$91,810 | Population Exceeds 425,970 Individuals Within a 10-Mile Radius
- ✓ Excellent Real Estate Fundamentals | Less Than 16 Miles From Downtown Phoenix | Phoenix Sky Harbor International Airport - Serves Over 40 Million Passengers Annually
- ✓ Strong Traffic Counts | Over 32,070 and 161,130 Vehicles Per Day Along Pebble Creek Parkway and Interstate-10

## About the Tenant / Brand

- ✓ Panera has been one of the most successful restaurant companies in history
- ✓ Panera was the best-performing restaurant stock when measured over the last 20 years; delivering a total shareholding return 44 times better than the S&P 500 from 1997 to 2017
- ✓ Named "Sales Leader" by Nation's Restaurant News in the Bakery-Café Group – August 2018
- ✓ Pioneer in Advanced Technology – Driver of Ongoing Sales Growth and Improved Delivery-Catering Initiatives
- ✓ Acquired in 2017 by JAB Holdings, a European conglomerate that owns Krispy Kreme, Keurig, Peet's Coffee, Pret A Manger, among other assets; positioning the chain for continued growth and long-term returns





# Financial Analysis

PRICE: \$3,732,887 | CAP: 4.75% | RENT: \$177,312



## PROPERTY DESCRIPTION

Property	Panera Bread
Property Address	1452 North Pebblecreek Pkwy
City, State, ZIP	Goodyear, AZ 85395
Estimated Store Opening*	December 2, 2019
Estimated Building Size	5,460 SF
Estimated Lot Size	+/- 1.41 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$3,732,887
CAP Rate	4.75%
Annual Rent	\$177,312
Price / SF	\$683.68
Rent / SF	\$32.47

## LEASE SUMMARY

Property Type	Net Leased Casual Dining Restaurant
Tenant / Guarantor	Corporate; Panera LLC
Franchisor Ownership	Private; JAB Restaurant Holding Company
Original Lease Term	15 Years
Lease Commencement	Upon Close of Escrow
Lease Expiration	15 Years Upon COE
Lease Term Remaining	15 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	8.0% Every Five (5) Years
Options to Renew	Four (4) Periods of Five (5) Years Each

\*Subject to Change

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$177,312	\$14,776	-
Year 2	\$177,312	\$14,776	-
Year 3	\$177,312	\$14,776	-
Year 4	\$177,312	\$14,776	-
Year 5	\$177,312	\$14,776	-
Year 6	\$191,497	\$15,958	8.00%
Year 7	\$191,497	\$15,958	-
Year 8	\$191,497	\$15,958	-
Year 9	\$191,497	\$15,958	-
Year 10	\$191,497	\$15,958	-
Year 11	\$206,817	\$17,235	8.00%
Year 12	\$206,817	\$17,235	-
Year 13	\$206,817	\$17,235	-
Year 14	\$206,817	\$17,235	-
Year 15	\$206,817	\$17,235	-

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a brand-new Panera Bread located at 1452 North Pebblecreek Pkwy in Goodyear, AZ. This is a rare investment opportunity to participate in a direct sale leaseback with Panera Bread. The newly constructed site will consist of roughly 5,460 rentable square feet of building space on estimated 1.41-acre parcel of land. The café is scheduled to open in December of 2019.

Panera, LLC, the corporate operating entity, will enter into a brand new 15-year triple-net (NNN) sale leaseback with the purchaser upon close of escrow. The initial annual rent will be \$177,312 and will increase by eight percent every five years throughout the term of the lease and in each option period. There will be four, five-year tenant renewal options, extending the total possible lease term to 35 years.



# Tenant Overview



## About Panera Bread

Thirty years ago, at a time when quick service meant low quality, Panera set out to challenge this expectation. They believed that food that was good and that you could feel good about, served in a warm and welcoming environment by people who cared, could bring out the best in all of us. To them, that is food as it should be and that is why they exist. So they began with a simple commitment: to bake fresh bread every day in their bakery-cafes. No short cuts, just bakers with simple ingredients and hot ovens. Each night, any unsold bread and baked goods were shared with neighbors in need.

These traditions carry on today, as they have continued to find ways to be an ally to its guests. That means crafting a menu of soups, salads and sandwiches that they are proud to feed their families. Like poultry and pork raised without antibiotics on our salads and sandwiches. A commitment to transparency and options that empower their guests to eat the way they want. Seasonal flavors and whole grains. And a commitment to removing artificial additives (flavors, sweeteners, preservatives and colors from artificial sources) from the food in its bakery-cafes. Why? Because they think that simpler is better and they believe in serving food as it should be. The company is also focused on improving quality and convenience. With investments in technology and operations, they now offer new ways to enjoy your Panera favorites -- like mobile ordering and Rapid Pickup for to-go orders -- all designed to make things easier for its guests.

As of April 2019, there are more than 2,360 bakery-cafes in 48 states and in Ontario, Canada operating under the Panera Bread(R) or Saint Louis Bread Co. (R) names.

For more information, visit [panerabread.com](http://panerabread.com) or find them on Twitter (@panerabread), Facebook ([facebook.com/panerabread](https://www.facebook.com/panerabread)) or Instagram (@panerabread).

## About JAB Holding Company

JAB Holding, a privately held company and investment arm of the Reimann family, is no stranger to the coffee business. It began building its position in coffee and breakfast in 2012 when it took a stake in D.E. Master Blenders and bought Peet's Coffee & Tea, a premier specialty coffee and tea company, for \$974 million and Minnesota-based Caribou Coffee, a specialty retailer of high-quality premium coffee products, for \$340 million. In the years that followed, the European company would go on to spend billions expanding its coffee empire. Eventually in 2013, JAB agreed to pay \$9.8 billion to purchase D.E. Master Blenders. That company became Jacobs Douwe Egberts (JDE) when JAB merged it with the coffee division of Mondelez International in 2015, which it bought for around \$4 billion, becoming the largest pure-play FMCG coffee company in the world. In 2014, JAB scooped up Einstein Bagels' parent company, Espresso House and Baresso Coffee and in 2015, the company purchased Keurig Green Mountain, a leader in single-serve coffee and beverage technologies, for \$14 billion along with coffee roaster and retailer Stumptown Coffee and coffee bar chain Intelligentsia coffee. Krispy Kreme, a global specialty retailer and wholesaler of premium-quality sweet treats, was added to the portfolio in 2016 and later completed its acquisition of Panera Bread Company in July 2017 for \$7.5 billion and Au Bon Pain (304 units) for an undisclosed sum later that year. Panera Bread's acquisition of Au Bon Pain brings the two companies together again since having split in 1999 and offers a strategic opportunity for the company. The caffeine-fueled company, which has been steadily building a coffee and breakfast empire over the last five years, announced early April 2018 that it has expanded its coffee empire, making a major investment in the launch of online craft coffee retailer "Trade". Trade's website features more than 400 roasts, each with a description of where the coffee was sourced, its flavor profile and how best to brew it. Investing in Trade gives JAB one more foothold in the coffee market, this time online. Only one month later, JAB acquired Pret A Manger, a leading company in the ready-to-eat food market. Pret maintains a strong presence in the U.K. and boasts a rapidly growing international footprint with a presence in the U.S., Hong Kong/China, and France. The company operates over 530 stores worldwide, generating group revenues of £879 million. Today, JAB has broadened its expansion with its announcement to buy a majority stake in Compassion-First Pet Hospitals, moving its portfolio into yet another sector.

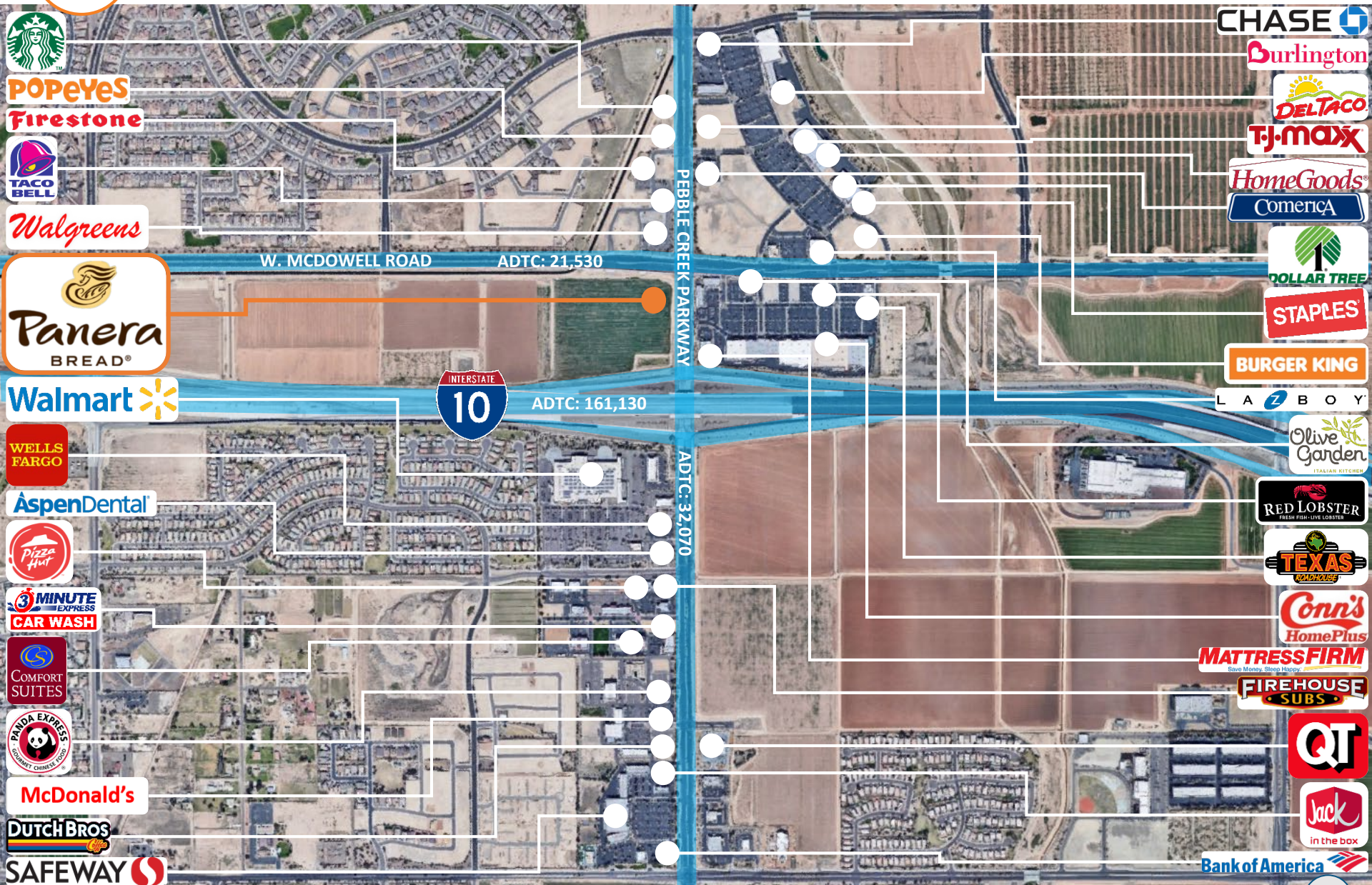
For more information about JAB investments, please visit the company's website: <http://www.jabholco.com>  
 Additional Source: <https://www.cnbc.com/2018/04/05/jab-expands-coffee-empire-with-investment-in-online-coffee-shop-trade.html>  
<https://www.jabholco.com/documents/6/press-release-s-p-jab-pret-a-manger.pdf>  
<https://www.reuters.com/article/us-compassionfirst-m-a-jab/jab-broadens-expansion-with-stake-in-pet-hospitals-idUSKCN1QE1M9>





# Surrounding Area

Property Address: 1452 North Pebblecreek Pkwy - Goodyear, AZ 85395







# Location Overview

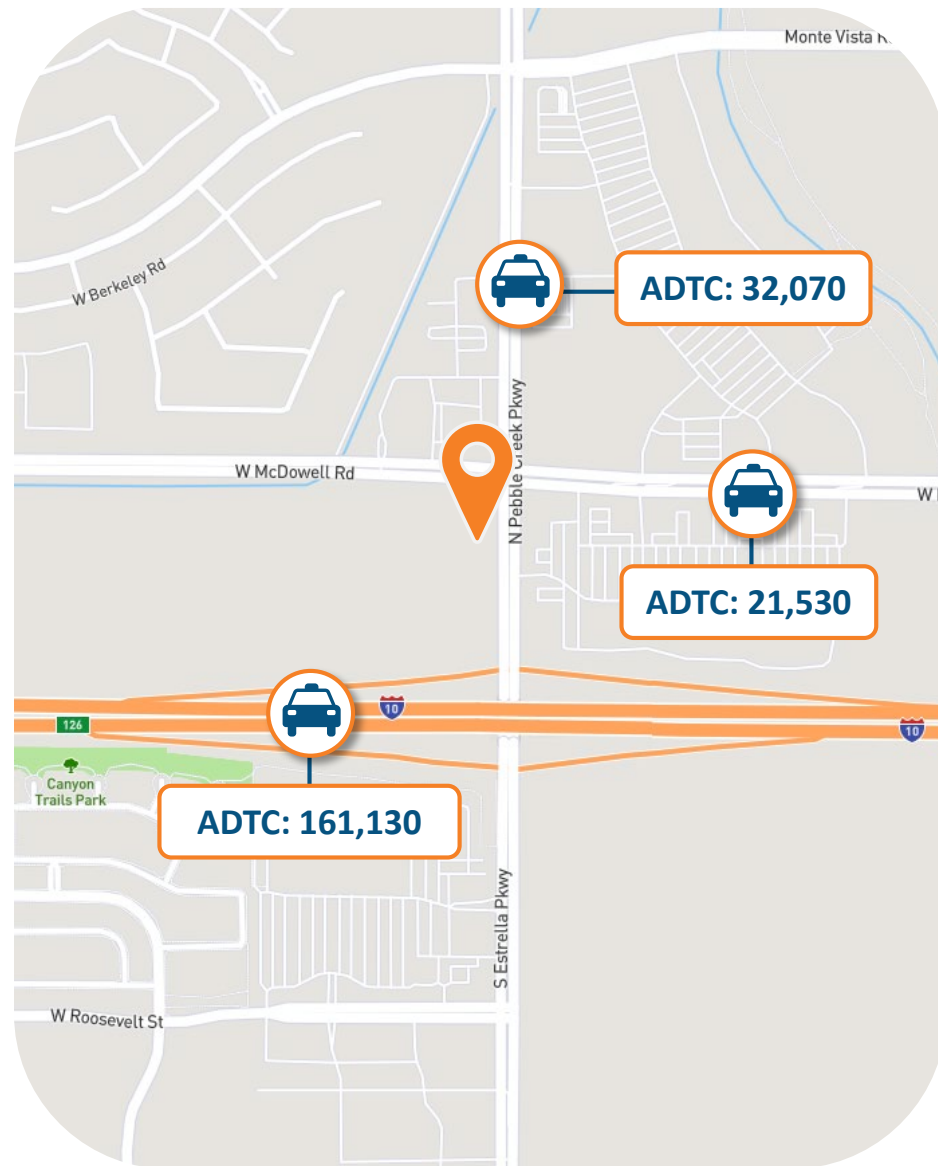
Property Address: 1452 North Pebblecreek Pkwy - Goodyear, AZ 85395



The subject investment property is situated on North Pebble Creek Parkway, which experiences an average daily traffic count exceeding 32,070 vehicles, respectively. Intersecting with Pebble Creek parkway is Interstate-10 and W. McDowell Road, which brings an additional 161,130 and 21,530 vehicles into the immediate area on average daily. There are more than 134,920 individuals residing within a five-mile radius of the property and more than 425,970 individuals within a ten-mile radius. This café is situated in an affluent suburban community with an average household income of over \$91,810 within a three-mile radius.

This café benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants, shopping centers, and academic institutions all within close proximity of this property. Major national tenants within the immediate area include: Walmart, Walgreens, Chase Bank, Safeway, Staples, Dollar Tree, McDonald's, Starbucks, Burger King, Pizza Hut, as well as many others. This Panera Bread benefits from its close proximity to several academic institutions. Most notable is Desert Edge High School, which has a total enrollment exceeding 1,760 students and is located within a two-mile radius of the subject café. Abrazo West Campus, a 180+ bed, general medical and surgical facility, is located less than three miles east of the Panera Bread. Phoenix Sky Harbor International Airport, one of the nation's busiest airports and the 19<sup>th</sup> busiest in the world, serves over 40,00,000 passengers annually and is located approximately 23 miles from the subject café.

Goodyear, a city in Maricopa County, is a suburb located less 16 miles west of Phoenix and is part of the Phoenix Metropolitan Area. As of the Census Bureau's 2017 population estimates, the Phoenix MSA had 4,737,270 residents, making it the 11th largest Metropolitan Area in the nation by population. The gross domestic product of the Phoenix Metropolitan Area was \$242 billion in 2017, 16th largest amongst metro areas in the United States. Goodyear has a diverse blend of amenities with abundant cultural, educational and entertainment resources. The highly educated and skilled workforce, affordable housing, low costs of doing business and a lot of southwest charm, create the right economic conditions for businesses to thrive; all within close proximity to Interstate 10, the Loop 101 and 303 freeways and excellent transportation access to airports and rail services. Goodyear is one of the fastest growing cities in the nation with best-in-class companies such as Sub-Zero, Cancer Treatment Centers of America, REI, AerSale, Dick's Sporting Goods, UPS and more. Goodyear is also the Spring Training and player development home of Major League Baseball's Cleveland Indians and Cincinnati Reds.

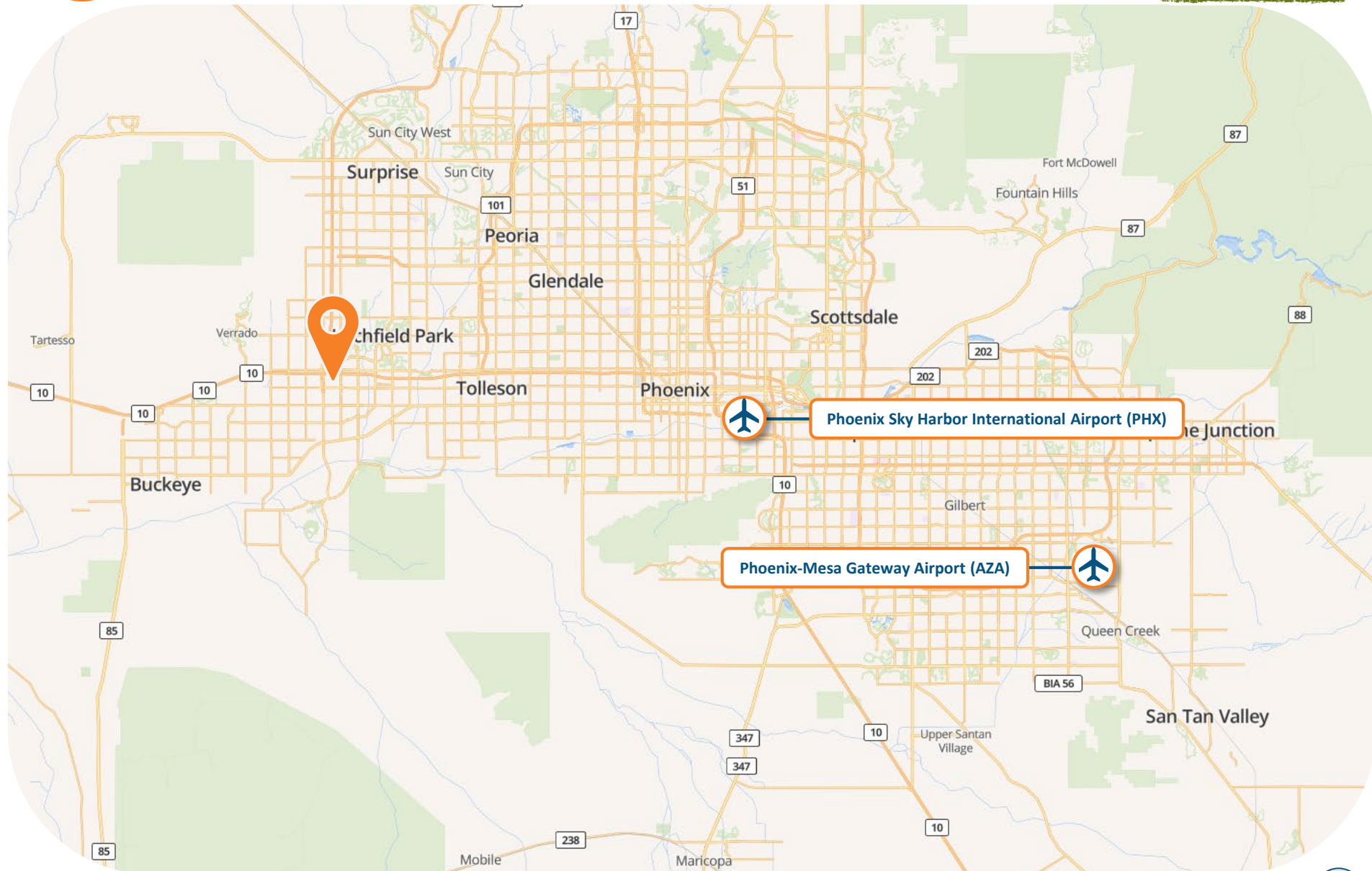






# Local Map

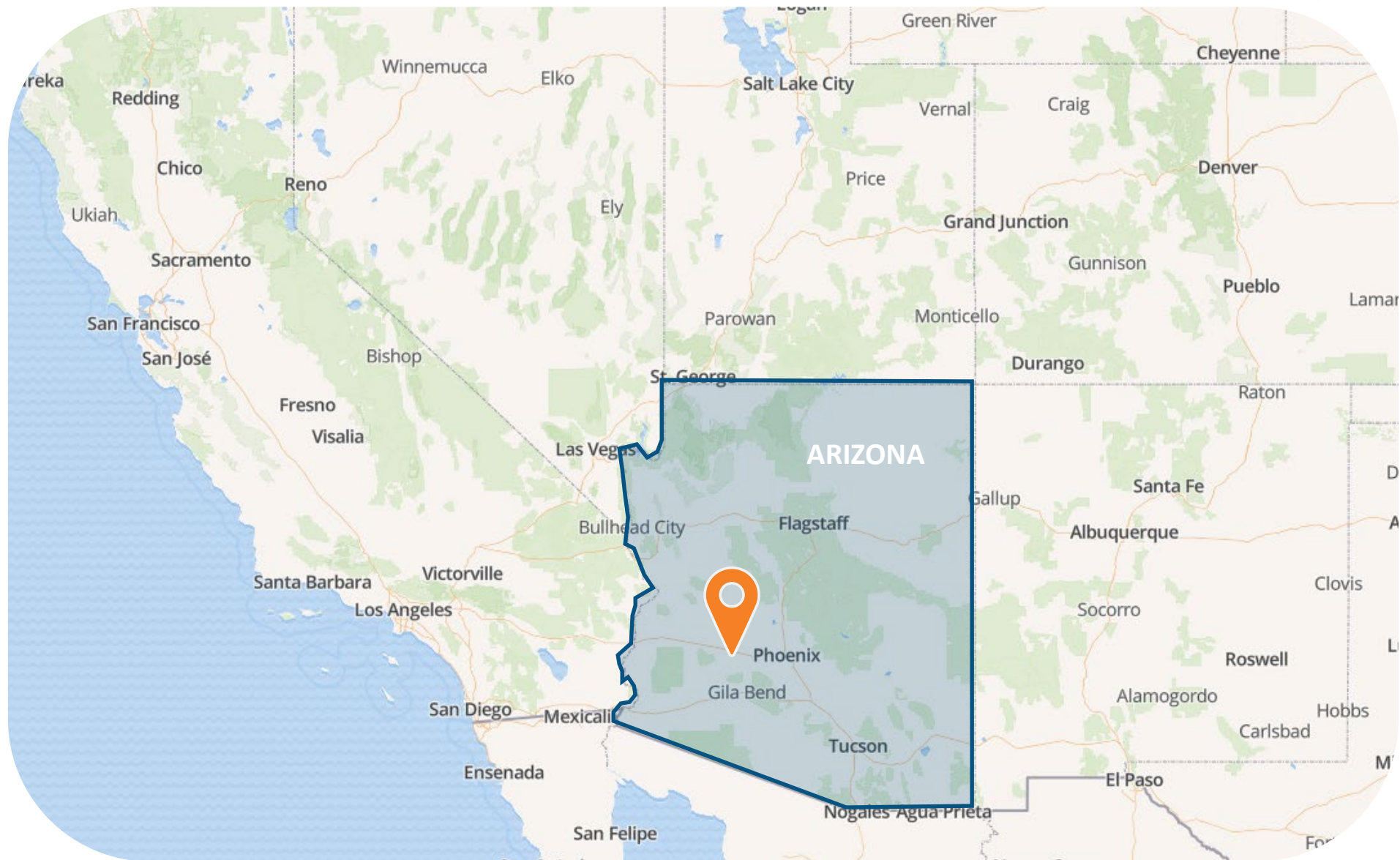
Property Address: 1452 North Pebblecreek Pkwy - Goodyear, AZ 85395





# Regional Map

Property Address: 1452 North Pebblecreek Pkwy - Goodyear, AZ 85395

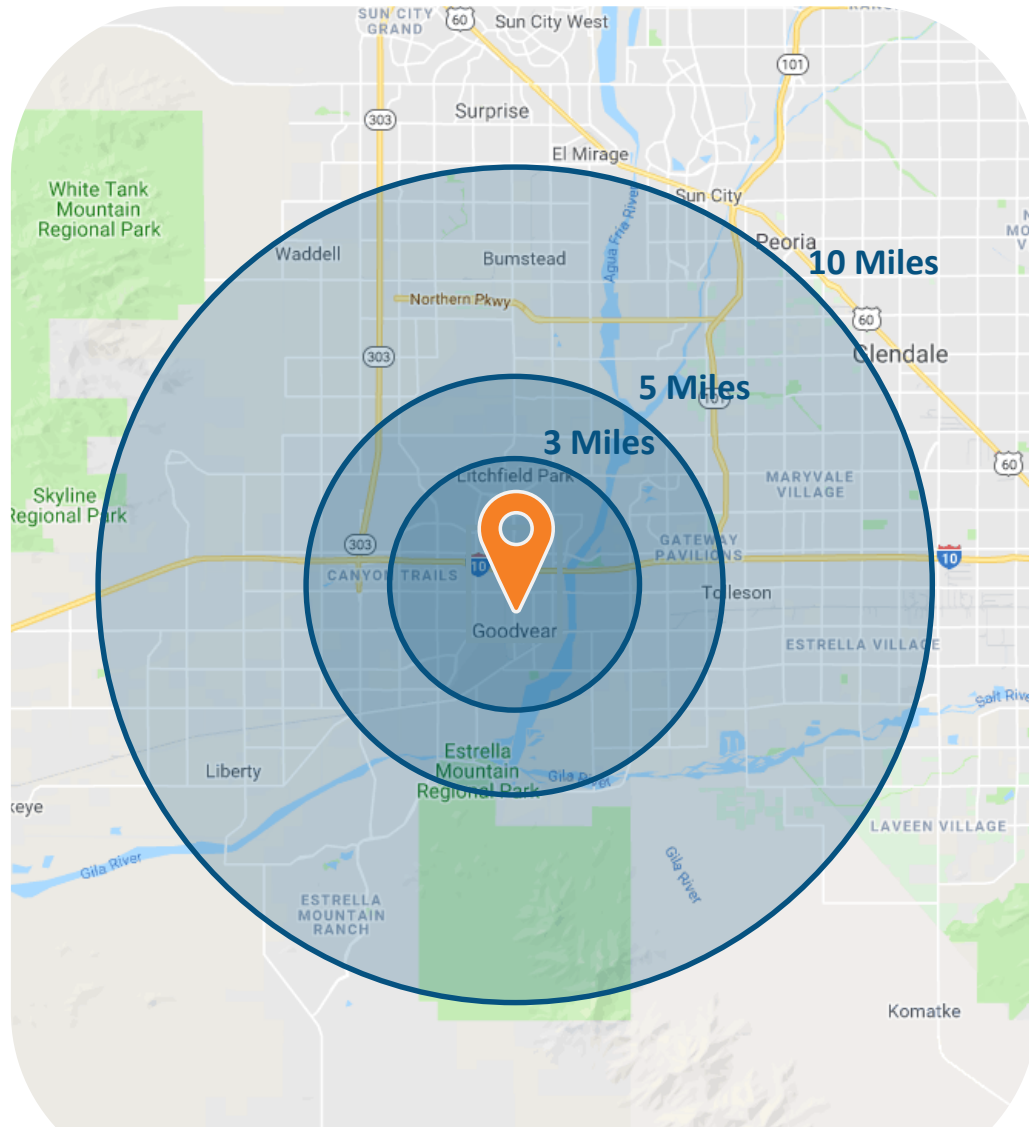






# Demographics

Property Address: 1452 North Pebblecreek Pkwy - Goodyear, AZ 85395



## Population Trends:

	3 Miles	5 Miles	10 Miles
2023 Projection	62,645	145,497	462,711
2018 Estimate	58,168	134,929	425,973
2010 Census	51,975	120,606	366,280
Growth 2018 – 2023	7.70%	7.83%	8.62%
Growth 2010 – 2018	11.92%	11.88%	16.30%
2018 Population Hispanic Origin	17,786	51,166	190,320

## Population by Race (2018):

	3 Miles	5 Miles	10 Miles
White	46,942	107,634	344,607
Black	4,699	12,309	38,245
American Indian & Alaskan	1,102	2,994	9,737
Asian	3,444	6,886	17,659
Hawaiian & Pacific Island	131	477	1,395
Other	1,850	4,630	14,330

## Household Trends:

	3 Miles	5 Miles	10 Miles
2023 Projection	21,324	47,140	146,434
2018 Estimate	19,735	43,588	134,661
2010 Census	17,641	38,693	114,936
Growth 2017 – 2023	8.05%	8.15%	8.74%
Growth 2010 – 2018	11.87%	12.65%	17.16%
Owner Occupied	14,745	30,145	91,374
Renter Occupied	4,991	13,443	43,286

## Average Household Income (2018):

**\$91,819    \$84,757    \$76,884**

## Households by Household Income (2018):

	3 Miles	5 Miles	10 Miles
<\$25,000	2,216	5,728	18,569
\$25,000 - \$50,000	3,959	9,163	32,572
\$50,000 - \$75,000	3,725	8,910	29,758
\$75,000 - \$100,000	3,624	7,414	22,385
\$100,000 - \$125,000	2,132	4,820	12,934
\$125,000 - \$150,000	1,585	2,757	6,704
\$150,000 - \$200,000	1,078	2,485	6,984





# Market Overview

City: Goodyear | County: Maricopa | State: Arizona

*Phoenix, AZ*



**Phoenix** is the capital and most populous city of Arizona, with over 1,626,000 people as of 2017. Phoenix is the vibrant center of one of the fastest growing job markets and economies in the United States. The 5th largest city in the country, Phoenix is emerging in the new economy with strength in high technology, manufacturing, bioscience research and advanced business services. As the most populous American state capital, Phoenix is the only state capital with a population of more than one million residents. Phoenix is located in Southwestern United States adjacent to the states of California, Nevada, Utah, Colorado (at “4 corners”), and New Mexico. Arizona shares a vibrant border with Mexico that facilitates trade between the U.S. and Latin America.

With nearly 4.4 million people, Greater Phoenix is the 11th largest metropolitan area in the U.S., and its population is expected to nearly double in the next two decades. A young and diverse market with nearly 500,000 students, the region is home to several major universities and colleges. As this urban area densifies, its unique vibe remains distinctive and vibrant. Phoenix’s physical infrastructure is sophisticated and robust, allowing the city to expand at a rapid pace, with plenty of capacity to support anticipated future growth.

Today’s Downtown Phoenix boasts the highest concentration of employment in Arizona, offering impressive urban amenities including living, shopping, arts and entertainment. The dramatic growth is providing a surge in momentum for even more development. In addition to large-scale projects such as the Phoenix Convention Center expansion, Valley Metro Light Rail and the Phoenix Biomedical Campus serving as major activity centers, there is a real grassroots effort to create a true downtown community.

## Major Employers

Employer	Estimated # of Employees
Luke Air Force Base	7,511
Lockheed Martin Corporation	3,081
Integrity Staffing Solutions Inc	2,880
Walmart	2,375
Banner Estrella Medical Center	1,400
Smiths	989
Tolleson Union High School District	919
McDonalds	903
US Department of Air Force	839
Avondale Elementary School District 44	800
Target	754



Marcus & Millichap

**EXCLUSIVE NET LEASE OFFERING**





Dated: \_\_\_\_\_

Don McMinn  
Marcus & Millichap  
1100 Abernathy Road, NE, Suite 600  
Atlanta, GA 30328

Phone: (678) 808-2780  
Fax: (815) 550-1286  
don.mcminn@marcusmillichap.com

**Re: 1452 North Pebblecreek Parkway Goodyear, AZ (Panera Bread)**

Dear Don:

Please accept this offer to purchase the above referenced Property. This letter expresses Purchaser's interest in purchasing the Property under the following terms and conditions:

**Purchaser** \_\_\_\_\_

**Purchaser's Address** \_\_\_\_\_

**Purchaser's Phone/Fax** \_\_\_\_\_

**Purchaser's Email Address** \_\_\_\_\_

**Offer Price** \_\_\_\_\_

**Earnest Money** \$25,000 earnest money deposit due within forty-eight (48) hours of the Effective Date of the Contract. The Earnest Money shall be increased to \$50,000 at the expiration of the Inspection Period and shall become non-refundable barring any other listed contingencies.

**Inspection Period** 21 Calendar Days from the Effective Date, which shall mean the date on which the latter of the parties executes a Contract. All available Due Diligence Documents ("Documents") will be forwarded immediately upon the Effective Date of the Contract.

Purchaser's Initials \_\_\_\_\_ Seller's Initials \_\_\_\_\_



**Financing Period**  
(Please Check One)

☐ **All Cash** (No Financing Period)

☐ **Financing:** Purchaser shall have ten (10) days from the Effective Date of the Contract to apply for and obtain a financing commitment. In addition, Purchaser shall have 30 days from the expiration of the effective date of the contract to complete loan processing. Purchaser shall use its best efforts to secure and obtain a new first mortgage loan in the amount of \$\_\_\_\_\_ on terms which are acceptable to Purchaser.

**Closing Date**  
(Please Check One)

☐ **New Property:** Within 10 Calendar Days after rent commencement and receipt of tenant estoppel.

☐ **Existing Property** Within 10 Calendar Days after the expiration of the Inspection Period (or Financing Period if applicable).

**Closing Costs**

Seller shall pay for the transfer tax. Buyer shall pay for Title. Purchaser and Seller shall each bear its own attorneys expenses. All other Closing Costs shall be split 50-50 between Buyer and Seller.

**Property Condition**

Property is being sold "AS IS" with Seller making representations or warranties concerning the property.

**Contract within  
10 days:**

Within Ten (10) Calendar Days of the Effective Date of this Letter of Intent, Purchaser and Seller shall enter into a binding Contract (the "Contract"). Seller will Draft the Contract and Failure to reach an agreement will allow the Seller to consider this agreement void and accept offers from other parties.

**Broker Commission**

☐ Purchaser acknowledges that Don McMinn of Marcus & Millichap will represent them in this transaction. Any commissions due to the Purchaser's broker (if applicable) shall be paid by the Seller directly.

☐ Purchaser acknowledges that \_\_\_\_\_ of \_\_\_\_\_ will represent them in this transaction. Any commissions due to the Purchaser's broker (if applicable) shall be paid by the Seller directly.

**1031 Exchange**

Purchaser ☐ is / ☐ is not (check one) completing an IRS 1031 Tax Deferred Exchange, to which the Seller agrees to cooperate providing there is no cost or expense to Seller. Purchaser has \$\_\_\_\_\_ in an exchange account from a transaction which closed escrow on \_\_\_\_\_. Purchaser will provide Seller, upon request, proof of such funds.

Purchaser's Initials \_\_\_\_\_ Seller's Initials \_\_\_\_\_

**Confidentiality**

Purchaser and Purchaser's agents and representatives hereby covenant with Seller that Purchaser and Purchaser's agents and representatives shall not, without the prior written consent of Seller (which consent may be withheld in Seller's sole and absolute discretion), disclose to any other person (other than Purchaser's accountants and attorneys) or entity by any means whatsoever: (i) any information pertaining to the Documents; (ii) any information pertaining to the Contract; or (iii) any information or documentation (written or oral) provided by Seller or Seller's agents and representatives concerning Seller, Seller's business, Tenant, Tenant's business or the Property.

This Letter of Intent is contingent upon the prospective Purchaser's willingness to execute Seller's standard Purchase Agreement as well as review and approval of the details of the transaction proposed above by the appropriate principal parties of the Seller.

It is understood and agreed that the foregoing constitutes a *Letter of Intent* setting forth the major business points from our discussions. It is further understood that neither party intends to create any contractual rights or obligations as a result of entering into this *Letter of Intent*. No binding agreement or rights or obligations shall arise as the result of executing this letter or with respect to the proposed transactions, unless and until we execute definitive documentation incorporating the above provisions and other appropriate terms.

If the foregoing accurately reflects our discussions, please acknowledge same by returning a signed copy of this letter. Execution of this Letter of Intent by the undersigned agent in no way binds or obligates the Seller or any of its principals.

**Agreed and Accepted | Purchaser**

By: \_\_\_\_\_

Printed: \_\_\_\_\_

Dated: \_\_\_\_\_

**Agreed and Accepted | Seller**

By: \_\_\_\_\_

Printed: \_\_\_\_\_

Dated: \_\_\_\_\_

Purchaser's Initials \_\_\_\_\_ Seller's Initials \_\_\_\_\_