

[PURCHASER'S LETTERHEAD]

_____, 20____

[SELLER'S ADDRESS]

RE: Letter of Intent Regarding Purchase of Certain Real Property

Dear _____:

The following Letter of Intent ("Letter of Intent") outlines the general terms under which _____ or its assigns ("Purchaser") is willing to purchase the below-identified Property.

1. **Property Identification**. The real property commonly known as _____ consisting of approximately _____ square feet of warehouse/ office/ residential/ multi-use located on _____ acres of land, having a street address of _____ (the "Property").
2. **Purchase Price**. The purchase price for the Property shall be \$_____ (the "Purchase Price") in cash at closing, subject to normal prorations.
3. **Earnest Money Deposit**. Upon the execution of a Purchase and Sale Agreement ("Purchase and Sale Agreement"), Purchaser will deposit in escrow with a third party escrow agent mutually acceptable to Seller and Purchaser (the "Escrow Agent") the sum of \$_____ in cash [or, at Purchaser's election, a letter of credit in a form and drawn upon a bank mutually acceptable to Seller and Purchaser] as earnest money (the "Earnest Money"). The Earnest Money, which shall be placed in an interest bearing account with interest accruing to Purchaser if the same is posted in cash, shall be refundable if for any reason Purchaser elects not to proceed with the purchase of the Property any time prior to the expiration of the Due Diligence Period (as herein defined) and notifies Seller in writing of such election within the Due Diligence Period.

[**optional language only to be used in select transactions**] Provided Purchaser does not terminate the Purchase and Sale Agreement prior to the expiration of the Due Diligence Period (as defined and provided for in Paragraph 5 below), Purchaser will deposit in escrow with the Escrow Agent the additional sum of \$_____ [or, at Purchaser's election, an acceptable letter of credit as aforesaid] thereby increasing the Earnest Money to \$_____ in the aggregate. The entire \$_____ Earnest Money shall be refundable if for any reason Purchaser is unable to obtain a satisfactory financing commitment during the Financing Contingency Period (as defined and provided for in Paragraph 6 below) and so notifies Seller in writing prior to the end of the Financing Contingency Period.

If, after the expiration of the Due Diligence Period and/or the Financing Contingency Period, as applicable, Purchaser elects not to proceed with the purchase of the Property or does not close by the Closing Date, the Earnest Money plus accrued interest thereon, if any, shall, as Seller's sole remedy, become liquidated damages and non-refundable if Seller has not

breached the Purchase and Sale Agreement and was ready, willing and able to proceed to settlement, and Purchaser shall be released of all further liability under the Purchase and Sale Agreement. If, however, the transaction fails to close due to the fault of Seller, Purchaser, at its election, may (1) sue for specific performance and/or damages, or (2) terminate the Purchase and Sale Agreement and obtain a refund of its entire Earnest Money plus the accrued interest thereon, if any. The entire Earnest Money shall be applied in full toward the purchase price at closing.

4. **Purchase and Sale Agreement.** Purchaser and Seller shall have thirty (30) calendar days following execution of this Letter of Intent to enter into a legally binding definitive Purchase and Sale Agreement.
5. **Due Diligence Period.** Purchaser shall have _____ (____) day ("Due Diligence Period") from the execution of the Purchase and Sale Agreement to perform all of its due diligence with respect to the Property, including but not limited to the following: to make a physical inspection of the Property, examine the title to the property and determine that it is acceptable, review Seller's property management files relative to the Property, including all leases and related correspondence, service contracts, environmental reports, property studies and other related documents that Seller may possess. From and after the date Seller executes this Letter of Intent, Seller shall make all such items in Seller's possession available to Purchaser for review at the offices of Seller's property manager. Furthermore, Seller will obtain estoppel certificates and certificates of occupancy from the tenants of the Property for the benefit of Purchaser and its potential lenders during the Due Diligence Period. Purchaser will bear the cost of all inspections and indemnify and hold Seller harmless from any and all claims for damages or injuries arising from Purchaser's inspection of the property. Such indemnification shall survive the closing or the termination of this letter. Purchaser must satisfy itself with regard to all matters of due diligence prior to the end of the Due Diligence Period.
6. **Financing Contingency.** Provided Purchaser has not terminated the Purchase and Sale Agreement prior to the end of the Due Diligence Period, Purchaser shall have _____ (____) additional days (the "Financing Contingency Period") from the end of the Due Diligence Period to obtain a financing commitment upon terms and conditions satisfactory to Purchaser.
7. **Title.** Title to the Property must be good, marketable and fully insurable at standard rates by an ALTA title insurance company acceptable to Purchaser. Title must be free and clear of any encumbrances which would materially and adversely affect the continued use and occupancy of the Property. Seller shall provide Purchaser with a copy of Seller's existing title policy and the most current survey of the Property simultaneous with the execution of this Letter of Intent. Purchaser shall notify Seller of any unacceptable title issues which must be resolved by Seller before closing within _____ (____) days the execution of the Purchase and Sale Agreement.
8. **Representations and Warranties.** The Purchase and Sale Agreement shall require Seller to provide Purchaser with normal and customary representations and warranties customary for

transaction of this nature (including, without limitation, with respect to Seller's existence and authority and, after due inquiry of Seller's management agents, if any, with respect to the Property and leases for space therein). In furtherance thereof, Seller shall be obligated to and shall represent and warrant to Purchaser that it has disclosed all material adverse conditions relating to the Property of which Seller has knowledge, including, without limitation, any latent defects in, on or about the Property. All representations and warranties shall be required to survive settlement for a period of (____) years from the date of closing.

9. **Closing.** Closing shall occur within 30 days following the termination of the Due Diligence Period or the Financing Contingency Period (whichever is later); however, closing must occur on or before _____, 20_____. Purchaser's obligation to proceed to closing shall be conditioned on no material and adverse change having occurred with respect to the Property after the expiration of the Due Diligence Period, including, without limitation, no default by Seller under the Purchase and Sale Agreement or by the Seller or tenants under the leases for the Property.

Seller will grant Purchaser the right to review and approve any new lease deals, renewals and expansions contemplated after the effective date of this Letter of Intent, which approval shall not be unreasonably withheld, delayed or conditioned.

All rent and other income, operating expenses, real estate taxes and assessments shall be prorated at closing. Security deposits and pre-paid rents shall be credited to Purchaser against the cash portion of the Purchase Price at closing. In the event there are any past due rents outstanding as of the date of closing, all rents collected on or after the date of closing shall be applied first to all rents and other amounts due and payable by the tenants of the Property from and after the date of closing, and after all such amounts have been paid, then the Seller shall be entitled to receive any rents or other amounts due and payable by such tenants which relate to any period prior to closing.

*[**The following provision may need to be modified depending upon the jurisdiction the property is located in.**]* All transfer and recordation taxes and costs of closing shall be split equally between Seller and Purchaser. Any other closing costs shall be paid in accordance with local customs.

10. **Brokerage Commission.** Seller will be responsible for the payment of all brokerage fees under a separate agreement between Seller and _____. Other than the above, Seller and Purchaser represent to each other that it has dealt with no other broker or agent in connection with the purchase and sale transaction, and Purchaser and Seller will indemnify each other for any claims brought by any other agent or broker in connection with the transaction with whom Purchaser or Seller has dealt. The provisions of this paragraph will survive the closing or termination of this Letter of Intent.
11. **Nature of this Letter of Intent.** Purchaser and Seller agree that this Letter of Intent serves only as an outline of the general terms and conditions of the proposed transaction and that this Letter of Intent is not a contract or a binding agreement; provided, however, that Seller agrees to hold the Property off the market and to negotiate exclusively and in good faith with

Purchaser for the sale and purchase of the Property during the thirty (30) day period provided for in Section 4 above. Completion of this transaction is subject to the negotiation and execution of a mutually acceptable Purchase and Sale Agreement, the terms of which, if executed by both parties, shall govern the rights and obligations of Seller and Purchaser. However, if the Seller and Purchaser are unable to negotiate and enter into a mutually acceptable Purchase and Sale Agreement during said thirty (30) day period, then either party may terminate this Letter of Intent in its sole discretion, for any reason whatsoever, without obligation to proceed further in negotiating this proposed transaction, without further liability, except as otherwise herein expressly provided to the contrary.

- 12. **Acceptance.** If the terms of this Letter of Intent are acceptable, please indicate your acceptance by signing below and returning one original Letter of Intent to the undersigned no later than _____, 20_____. If not received by _____, 20____, this Letter of Intent is null and void.

Sincerely yours,

PURCHASER:

By: _____

Name: _____

Title: _____

Agreed to and Accepted this _____ day of _____, 20_____ :

SELLER:

By: _____

Name: _____

Title: _____