

FRANCHISE LEASING PROCESS



PREPARED FOR:



DAVID COHEN, VICE PRESIDENT, INVESTMENT ADVISORY SERVICES | FRIEDMAN REAL ESTATE
ERICA KESSLER, ACCOUNT MANAGER | FRIEDMAN REAL ESTATE

FRANCHISE LEASING PROCESS

FRIEDMAN WELCOME

It is great to be part of the “FRANCHISE” family with you!

Friedman Real Estate is proud to have partnered with “FRANCHISE” as their national real estate provider! The goal of our partnership is to work with “FRANCHISE” Franchisee’s to help them find awesome locations for their new businesses. To do so, we partner with the best local real estate talent in your territory/market to help with this process. They are our experienced “Local Broker Partner.”

Friedman Real Estate’s objective is to ensure franchisees are viewing the best possible real estate options within their market and complete lease agreements are reached to optimize the profitability of the franchisee’s business. We believe communication, teamwork and responsibility are the cornerstones to successful partnerships. Our “Welcome Package” will help ensure that all parties involved in your site selection process will at any given point in time be in constant communication, aware of each step of the process, as well as completion of tasks that will lead you one step closer to your opening day. Teamwork makes the dream work!

We look forward to working with you!

Sincerely,



David Cohen



Erica Kessler

FRANCHISE LEASING PROCESS

FRIEDMAN OVERVIEW

Fully Integrated Real Estate Solutions. At Friedman Real Estate, our primary goal is to be the best full service real estate company within the markets we operate. To this end, we employ the most talented industry professionals and invest in the most advanced technologies to ensure superior results for every real estate assignment. We offer a proven track-record of success delivering a single, one-stop resource with forward-thinking solutions to align your real estate needs with your business objectives. Friedman's professionals offer expertise in all aspects of commercial real estate, from leasing, buying, selling, managing and valuing properties, to providing strategic planning, research, analysis and more.

National Footprint. We manage over 200 properties encompassing 20,000 apartment homes and 17 million square feet of commercial space across the country. In addition, our brokerage division has over 800 current listings for lease or sale, totaling more than 100 million square feet of commercial space and investment properties.

Team Approach. Friedman utilizes a team approach for every assignment. With our integrated services lines, we are sure to have the assignment covered from every angle. Our brokers will work in conjunction with the regional property manager, accounting, human resources, risk management, information technology, construction, legal and marketing to help clients achieve their goals. While each department allocates time to a given project, you will have a single point of contact to provide timely responses and thorough updates on a regular basis.

Goal Oriented. Our brokerage team works closely with our clients to set goals and commit the necessary resources to provide a superior level of service. Our brokers are "service" professionals with strong local market knowledge providing expertise in office, medical, industrial, retail, high-tech, flex, land, multi-family, mobile home and storage properties. Our team possesses an unparalleled sense of urgency and observes a quick response policy for our clients with forward-thinking solutions that help them achieve their real estate goals. Friedman will continue to lead industry innovation to ensure our clients have the competitive edge needed in today's market.

BROKERAGE

Friedman Real Estate Brokerage

Friedman Real Estate Brokerage serves as the company's real estate sales and leasing arm. Founded in 1987, the company ranks among the largest independent commercial brokerage firms in the Midwest. Friedman currently employs more than 35 licensed real estate brokers. The company provides leasing and sales expertise for office, retail, industrial and multifamily transactions and is a recognized leader in landlord and tenant representation for downtown and suburban office properties. Friedman consistently ranks among Michigan's leading leasing and sale agents as a Costar Power Broker.

KEY TEAM MEMBERS



DAVID COHEN
MASTER BROKER

david.cohen@freg.com
248-848-4935

erica.kessler@freg.com
248-848-4148



ERICA KESSLER
ACCOUNT MANAGER

What to Expect

T I M E L I N E



FRANCHISE LEASING PROCESS

STEP BY STEP “FRANCHISE” AND FRIEDMAN PROCESS

- 1) **FRANCHISE**/Friedman Introduction: The Friedman team meets with the Franchisor to discuss their specific real estate requirements. From space size and demographics to lease clauses, the Friedman team is sure to know the expectations in order to move through the process quickly and correctly for each franchisee. The team then create customized welcome packages (just like this one), letters of intent, lease riders, property submission forms etc.
- 2) **FRANCHISEE**/Friedman introduction: The Friedman team will send out the welcome package and schedule a call. The conference call is meant to introduce the Friedman team, go over the entire process/next steps and answer any franchisee questions.
- 2) Friedman Team Interviews and chooses local broker: Local broker will be expert in specific franchisee zones and will have the time to dedicate to project.
- 3) Local broker & Franchisee Introduced: The Friedman team introduces local broker and franchisee electronically and schedules conference call. Conference call will be to discuss designated territories with local broker, get recommendations and average rental rates in the area. Friedman will explain the site approval process in detail and answer questions.
- 4) Local Broker finds and narrows down sites based on **FRANCHISE** specifications including demographics, space size, co-tenancy etc.
- 5) Local broker presents available sites WITH FLOORPLANS within the designated zone to Franchisee and Friedman team. Friedman will give feedback and recommendations for touring.
- 6) Approved spaces get toured and Franchisee makes selections for LOI
- 7) LOI Initiation: At this point, we submit letters of intent (“LOI”) – keep in mind LOIs are NOT binding, it is always a good idea to submit multiple LOIs on sites that are acceptable to ensure the best deal is obtained. Friedman will provide a copy of our customized **FRANCHISE** LOI forms for your reference during the call. Once the call is over, Erica will draft the LOI and send it to the local broker and franchisee for approval before sending it to landlord. *(See lease terms document for reference on items that need to be negotiated based on corporate recommendations)*
- 8) LOI Negotiation: This may take several weeks. Friedman will receive counters from the landlords and will email them out to the franchisee and local broker along with notes/input. At this point we can discuss via email or schedule another conference call depending on how the franchisee wants to proceed. This may go back and forth several times. ** side note: during the negotiation process (usually the 2nd counter if it seems promising) the franchisee will want to engage the construction team and Architect **

FRANCHISE LEASING PROCESS

STEP BY STEP “FRANCHISE” AND FRIEDMAN PROCESS

- 9) LOI acceptance/Lease: Once an LOI is accepted by both parties, Friedman will request a first draft lease from the landlord. At this point, the franchisee needs to engage their attorney and send their contact information to the Friedman team. Friedman will send out the Lease Approval document and explain it to the franchisee and attorney – this lists specific items that need to have been negotiated in the lease and will need to be filled out to get final approval from corporate.
- 10) Lease Negotiation: Once the first draft lease is received, Friedman will send it out to the franchisee, attorney and **FRANCHISE** Attorney will redline lease based on what was agreed upon in the LOI and based on the Lease Terms and Lease approval documents. This may go back and forth several times. Once we reach a final executable lease, Friedman will send the final lease draft and the approval form to **FRANCHISE** for **FINAL CORPORATE APPROVAL BEFORE THE LEASE IS SIGNED.**
- 11) Lease Approval: Once **FRANCHISE** gives final approval of the lease. The franchisee and landlord will sign – this may need to be scheduled through the local broker.
- 12) Executed Lease: Once the lease is fully executed, the franchisee or local broker needs to send a copy to the Friedman team and a copy to **FRANCHISE**. At this point, **FRANCHISE** will initiate the next step and Friedman’s work is done until the franchisee wants to open their next location.



FRANCHISE LEASING PROCESS

TEAM RESPONSIBILITIES - ALL CORRESPONDENCE MUST GO THROUGH ERICA.KESSLER@FREG.COM

RESPONSIBILITIES OF THE FRANCHISOR

- > Participate in Franchisor on-boarding conference call
- > Complete Franchisor on-boarding package
- > Introduce franchisees to the Friedman team and provide territory map/information
- > Be available to approve sites, floorplans, leases etc. in a timely manor

RESPONSIBILITIES OF THE FRIEDMAN TEAM

- > Schedule and complete introductory call with Franchisee
- > Locate and engage best possible Local Broker Partner to help with site search
- > Host Franchisee—Local Broker introductory call
- > Prepare Co-Broker Agreement between Local Broker and Friedman Real Estate
- > Review potential sites for compliance with **FRANCHISE** Standards
- > Complete all site submittals and approvals through corporate
- > Prepare and negotiate LOIs
- > Oversee lease negotiations and ensure **FRANCHISE** specifications are included
- > Communicate with all team members throughout process— Franchisor, Franchisee, Local Broker, Landlord, and Attorney as applicable to keep process flowing and to overcome any roadblocks

RESPONSIBILITIES OF THE LOCAL BROKER

- > Execute partnership agreement in a timely manor
- > Identify sites that meet **FRANCHISE** site criteria
- > Arrange and conduct site tours with Franchisee after approval to tour
- > Send Friedman site flyers and floor plans for the sites Franchisee wishes to pursue
- > Provide Landlord contact information
- > Assist in obtaining business points and providing local knowledge for LOI negotiations
- > Advise Friedman team and Franchisee on local real estate trends and serve as the “boots on the ground” throughout the site selection process
- > Participate in introductory and progress calls

FRANCHISE LEASING PROCESS

TEAM RESPONSIBILITIES (CONTINUED)

RESPONSIBILITIES OF THE FRANCHISEE

- > Provide name of entity for LOI and Lease Agreement
- > Provide Friedman team contact information for your Real Estate Attorney (Friedman Brokerage Company strongly recommends you hire an attorney to review the lease on your behalf.
- > Tour sites with Local Broker and choose potential sites
- > Provide financials for Landlord review upon LOI submission—Friedman can supply form
- > Work with Friedman in the preparation and negotiation of LOI and Lease Agreement
- > Actively be working to obtain needed financing and build-out quotes throughout process
- > Participate in introductory and progress calls
- > **Be sure to keep ERICA in the loop throughout the entire process as she tracks it all!**

FRANCHISEE - THINGS TO CONSIDER

Letter of Intent (LOI)

- > It is OK to submit an LOI on more than one property at a time (*It is good to have back-up options in case an option falls through. We recommend submitting an LOI on no more than 3 locations at one time.*) LOI offers are non-binding!

Lease Agreement

- > Landlords require some aspect of personal guarantee on a lease (They are investing in your business and want certainty of payment.)
- > Landlords will require your personal and business financials
- > “Additional rent” charges: Common area maintenance (“CAM”), taxes and insurance > Also referred to as triple net charges (“NNN”) in retail leases
- > “Exclusive Use Clause” - *Exclusive based on franchise*

FRANCHISE LEASING PROCESS

CRITERIA TO CONSIDER WHEN LOOKING FOR YOUR **FRANCHISE** LOCATION

COMMERCIAL SPACE REQUIREMENTS (examples)

- > **Required square foot range**
- > First floor only
- > Retail space is best
- > ADA compliant bathroom or at least stubbed plumbing in the back of the space

GOOD LOCATIONS WITH HAVE... (examples)

- > High visibility
- > Independent business operation—not located within another business
- > Traffic count & flow
- > Residential and commercial backup
- > Ease of ingress and egress
- > Signage availability
- > Proximity to the street
- > Will meet the demographics and space requirement
- > A safe, well-lit area for parking
- > Family friendly co-tenants

FRANCHISE LEASING PROCESS

FRANCHISE SAMPLE FLOOR PLANS / WORK LETTERS

