Ike Isaacson
Vice President

CBRE, Inc.
Office Properties

3719 N. Campbell Avenue
Tucson, AZ 85719

T 520.323.5141
F 520.323.5156

ike.isaacson@cbre.com
www.cbre.com/ike.isaacson

December 12, 2011

Dr. Jean-Claude Abougou
Seneca Preparatory Academy Foundation
10950 E. Fourwing Place
Tucson, AZ 85748

Re: Tucson Leasing Market Inquiry

Dear Jean-Claude:

I am writing this letter in response to your questions regarding leasing a flex/warehouse property for charter school use in Tucson.

The average asking rates for flex/warehouse space in area bordered by Alvernon, 22nd Street, I-10 and Valencia is $6.69/SF, not including operating expenses which will run an additional $2.50-$3.00/SF, not including utilities or janitorial. There may be some room to negotiate a lower rental rate depending on the length of lease, your credit and the tenant improvements provided by the landlord.

It is customary in our market for the landlord to include some level of tenant improvements in their asking rate and they are often willing to amortize the remaining improvements over the term of the lease if they are comfortable with your financials. Your assumption of amortizing a tenant improvement allowance of $20/SF over five years at 8% is realistic, provided the landlord has the funds available and is comfortable with your financials. We can also try to find a property that was formerly used as a school or similar use to minimize the costs.

Please let me know if you have any questions or need anything else.

Sincerely,

Ike Isaacson