

C A T E L L U S



April 3, 1992

Mr. Don Signer
President
Signer Buick-Cadillac
38623 Fremont Boulevard
Fremont, CA 94536

Dear Don:

Thank you for taking the time to meet with me this morning. I am glad we were able to work out a mutually beneficial deal structure. Pursuant to our discussion, I am hereby submitting this letter of intent to lease an automobile dealership location in Catellus' Fremont Auto Mall. The pertinent business points of this transaction are as follows:

Alternate A - Build-to-Suit

- Facility:** A 26,000 square foot building situated on 3.5 acres of land. Land area may be adjusted from 3.0 to 4.9 acres. Building size may be adjusted up or down depending on dealer requirements.
- Lease Term:** Fifteen (15) years to commence upon completion on approximately December 1, 1993, plus one (1) five (5) year option to renew.
- Monthly Rent Schedule:** Initial five (5) years - \$24,500 per month. Rent for the first three months will be abated for Lot 4 and two months will be abated for any non-corner lot. Rent will be adjusted every five (5) years thereafter according to the cumulative change in the C.P.I. for the San Francisco-Oakland area. Rent to be adjusted up or down based on actual cost of building versus allowance shown below. Adjustment to be 1% of cost variance per month. Land portion to be adjusted using a 10.5% return on a land value of \$4.00 per square foot for Lot 4, and \$4.50 per square foot for any non-corner lot.
- Expense Structure:** Triple net. Tenant to be responsible for all expenses, including real estate taxes, assessments, insurance, repairs and maintenance.


CATELLUS DEVELOPMENT CORPORATION

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|-----------------|------------------------|---|-------------|----------------|
| Cost Allowance: | Hard Construction Cost | - | \$1,248,000 | (\$48.00/s.f.) |
| | Soft Costs | - | \$ 534,000 | |

Soft costs to include architectural and engineering fees, governmental and utility fees, legal and title changes, interim loan interest, financing fees, real estate taxes and insurance, and fees paid to Auto Mall partnership.

Purchase Option: The facility may be purchased outright at completion and up to twelve (12) months thereafter; and after five (5) years at a fixed price of \$2,500,000 for Lot 4 and \$2,575,000 for any non-corner lot. Adjustment up or down will be made for building cost and lot size based on a land price of \$4.00 per square foot for Lot 4 and \$4.50 per square foot for a non-corner lot. In the event that this option is not exercised, a second opportunity will be provided after ten (10) years; and a third at fifteen (15) years. Purchase price for the second and third opportunities shall be the five-year fixed price plus an increase based upon the C.P.I. of the San Francisco Bay Area beginning in year six of the lease.

Alternate B - Land Lease *Subordinated to first deed of trust necessary to finance facility.* 

- A. Lot Area: 3.0 to 4.9 net acres. Signer has choice of Lots 4, 7, or 8, or a portion thereof. If Catellus should gain control of Lots 2 or 3, Signer would accept some variation of these.
- B. Term: Fifteen (15) years beginning upon completion of the dealership facility, plus three (3) five (5) year options to renew.
- C. Annual Rent Payments: \$.50 per square foot of land area for Lot 4, \$.55 per square foot for any other lot not in a corner location. Annual rent payments to be increased every five years based upon the cumulative change in the C.P. I. for the San Francisco Bay Area. Rent would commence upon completion of the facility.
- D. Site & Building Approval: Catellus reserves the right to review and approve site and building design in order to insure optimum potential for secondary use. Catellus' requested changes shall not increase cost nor decrease usability for dealership activity.
- E. Interim Purchase Price: \$4.00 per square foot for Lot 4, or \$4.50 per square foot for any other lot not in a corner location. Price escalates 3% annually beginning in the sixth year of the lease. The purchase option would have a length of fifteen (15) years, and may be exercised at any time during that period.
- F. Contingencies: 1) Adequate third party financing to provide for the completion of facility under terms consistent with standard real estate lending practices.
2) Commencement of construction no later than June 1, 1993. This date may be extended for circumstances beyond either party's control, but in no event shall construction commence later than December 1, 1993.

Additional Considerations:

1. If Fremont Pontiac-Oldsmobile-GMC locates in the Mall, Catellus will exert its absolute best efforts to effect a location adjacent to Signer Buick-Cadillac.
2. Catellus will return Signer's deposit of \$75,000±, upon issuance of a building permit for the dealership facility, or waiver of termination right pursuant to Item 7 below, whichever occurs sooner.
3. Since Signer has been a part of the Auto Mall project since its inception, and has been instrumental in the development and approval of the Pacific Greens project, he is entitled to the best terms. If better terms are offered to an auto dealer purchasing land in the Mall for two years following execution of the purchase agreement, these same terms will be offered to Signer for a retroactive adjustment in his terms.
4. Signer may elect to purchase the remaining land in Lot 4 for a fixed price of \$4.00 per square foot for a period of five (5) years. In the interim, Signer will be granted a license to use the remaining Lot 4 land for a fee of \$100 per year.
5. In the event Don Signer effects the location of the Pontiac-GMC-Oldsmobile dealership in the Auto Mall, a fee of \$40,000 will be paid to Signer upon issuance of a building permit for that facility.
6. Signer may elect either Alternate A or B. However, a decision must be made by no later than September 1, 1992.
7. Signer may elect to terminate this agreement due solely to the decision by Hank Torian to delay the Torian dealership's location into the Mall past Spring, 1993. However, if Signer so elects, he shall reimburse Catellus for all monies expended by Catellus pursuant to this transaction. Furthermore, at the point in time that a construction loan has been placed on the site, Signer shall no longer have any right to terminate.

Don, I believe this covers the items we discussed. Please provide your written agreement as indicated below. Again, I am grateful to you for your continued interest in the Auto Mall and I am very pleased that we were able to work out a mutually beneficial transaction.

Sincerely,



John W. Greer
Director of Development

ACKNOWLEDGED & AGREED:



Don Signer

Date: 4/4/92