

This outline serves to acquaint our clients with the lease process in order to assist the planning phase of your relocation or expansion into the Northern Nevada Market. We have shown the typical steps in the process with a description of the actions that take place in that phase.

- 1. Define Needs & Determine Project Scope:** Through a preliminary dialogue between the agent and client, the process of defining the requirement is refined. Some clients have uncertainty on property sizes or lease term due to expansion potential, unsure sales volume, or other factors. Many times, we can help with a solution to your concerns that you may not be aware of. With decades of solving hundreds of clients needs, it's likely we have the solution to your every need. The more we know about all of your needs, the better we can serve you. Remember, we are on your side, we're your partner. We work for you. Tell us what you want, what you don't, and let us provide solution options.
- 2. Review and Presentation of Marketplace opportunities:** After the requirement are established, Miller Industrial Properties employs several industrial property databases as well as our in-house database to completely canvass and identify all available locations that could potentially meet your needs. Our list never eliminates any possible location since we always let the client do the eliminating. This assures the client sees all opportunities. The results are then assembled into a proprietary Excel spreadsheet that identifies and recaps all critical property features into an easy to read format that allows quick comparisons site to site.
- 3. Select viable site locations – The Tour:** When touring multiple industrial properties after a short while they all begin to look alike. We hear this all the time. This is why our property recap spreadsheets are detailed, allowing easy comparison, feature by feature, and include photos. We highly encourage note taking during or immediately after leaving the property. You should find these initial impressions invaluable when the tour completes. Not only will you recall the specific property better, but your intangible, subjective comments help you rank the various options, assisting you in developing your short list. Also, while on tours you are well advised not to engage in conversation with the landlords nor their agents. Our role is to maximize our negotiating leverage. Information obtained about you, your company, or even simple comments about the property, either positive or negative are better shared with the agent working solely on your behalf.
- 4. Property Selection – Initial Short List:** While visiting the property, we recommend that you ask yourself if each property COULD serve your needs. Eliminate those that will not work, and keep all others. This is the first cut you want to make. Then you can order rank all acceptable properties by the features most important to you and your intangibles. Taking these steps helps organize your selection process.



**5. Refining the Short List:** Based on how properties accommodate your specific needs, we order rank the initial list, ending up with some sites rising to the top. We suggest to always try to find at least three sites that you find acceptable. You may have a clear favorite, but try to have three sites in your final short list. Final pricing may make a second or third ranked property the best overall choice.

**6. RFP Process or Make an offer:** In the RFP phase, we gather all of your project requirements (lease term, expansion needs, options to renew, building modifications, tenant improvements, etc.) plus other aspects and assemble a packet that discloses your identity, your anticipated use, possibly financial data, and presents this to the property ownership. We will be requesting a proposal that addresses quoted lease rates, NNN charges, and a myriad of terms, relevant to assess the properties suitability as your new location. Miller Industrial Properties will gather the replies, check them for completeness and accuracy, and insert the data into a spreadsheet that assists your easy analysis of the property options. This financial analysis, along with your subjective and objective order ranking of the sites, should yield a best option. On occasion, two properties will equally be “best choices” in which case the marketplace puts you in a good position, should final lease negotiations get derailed for some reason.

**7. When Does the Negotiation Stop? :** Obviously, when the client feels it has. However, our experience has been that the RFP process yields very competitive numbers, first time around. Landlords know their properties will be ranked mostly by price at this stage of the process, so pricing is very competitive. We have also experienced some success when we commit to accept a lease proposal, but at a slightly lower price or different term. We emphasize “offer to accept the property” as the key element at this phase if further pricing accommodations are requested. Feel free to inquire about this directly with your Miller Industrial Properties agent.

**8. Approve transaction points:** At this stage, the client signs off on the business steps of the transaction and proceeds to the next steps.

**9. Lease review – Final contract form:** The lease review process is commonly assisted by or even totally conducted by your legal counsel, if you plan to use legal counsel, it is important to team with an attorney that has experience reviewing the type of lease document that you are presented with. Our experience is that the lease review process using leases from REITs tends to be facilitated using an attorney with experience with those type of lease documents, due to the documents depth of matters addressed and the unique concerns of REITs required by their organizational charters. As always, adequate time should be allotted for the review process, mindful of other matters challenge for the time of a busy attorney.

Note that we have not included a Letter of Intent step. While there are occasional uses for an LOI; we find that a properly written and negotiated LOI should include such a degree of items to adequately protect our clients, that we are effectively pre-negotiating most all of the substantive lease points in advance, having to negotiate all of those points all over again in the lease itself. We regard LOI's at this stage as actually wasting precious time, effort and expense for the client.



**10. When do you 'Have a deal'?** You have secured a deal when a lease is signed by both parties and delivered; NOT before. It is important that the prospective tenant clearly understand that all of the activity prior to and leading up to a fully signed lease document, does not secure property, nor remove it from the market. Most landlords will advise us that there is a lease document out for signature or another deal pending or other interested parties, but landlords never stop marketing their property until a lease is signed. In fact having subsequent activity or possibly even another offer may well affect landlord negotiating stance on the current transaction. Further, if a higher priced, better termed or more substantial credit offer be presented during lease negotiations, many landlords may well actively move forward with those transactions in deference to yours, attempting to locate a substitute property for your use. In the Northern Nevada Industrial Real Estate market, there is a professional courtesy extended to the brokers who have excellent relationships with the landlords, where we will get a heads up from a landlord that a situation may be unfolding where our clients might lose their selected property due to another transaction and we do get these alerts. The conclusion and word to the wise is to keep the process moving ahead with all due haste until it is complete, since time is of the essence.

**11. Sign Lease / Insurance certs. Pay Rent & deposit:** Generally, as soon as these items are in the hands of the landlord, they can grant the tenant access to the space, pending the status of required tenant improvements.

**12. Tenant Improvements:** If substantial tenant improvements are part of the transaction, time should be scheduled for these to be completed. Generally, most 'TI's' will need a design / approval phase, permitting and field construction. There are methods to significantly shorten the time for this phase; talk to your MIP agent about this.

**13. Post lease Start Up / Occupancy:** Our company has been serving the warehouse/distribution/manufacturing industry in Northern Nevada since 1976, as an industrial property builder and providing real estate advisory services. After the lease, we are an excellent source to help streamline your start up process by recommending high quality, value price contractors, vendors and service providers. We can also assist in the permitting process. Just ask.

**Summary:** The lease process is one we are well familiar with. Our experience and expertise can streamline this process significantly. In fact, we can complete the process very quickly if the tenant, landlord, and agents all pull together and focus on the steps. However, these are steps that yield the best results for our clients, which we have outlined here, and it does take some amount of time. Please plan accordingly.

We hope this outline serves to help your planning for your new location. Miller Industrial Properties stands ready to help you achieve your goals.

