EXHIBIT 5

Realistic Approach to Sales

Gmail

hanna nilsson <hannaarizona@gmail.com>

Please forward to Mike Robson

1 message

Realistic approach to sales

hanna nilsson <hannaarizona@gmail.com>
To: Scott Ellsworth <Scott.Ellsworth@srsre.com>

Wed, Nov 28, 2018 at 1:14 PM

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Hi Scott
Can you please forward this email to Mike Robson. I would like him to read this before we go further into negotiations. I have done some deeper research and as I still believe we can turn this place into a great new fast-casual brand, the caveats are many.

1.
Market Rent – Market rent for a second generation, stand-alone, drive-thru pad building in this valley can easily be in the mid-teens, ($ / sf / year). However, this location is challenging. Not even KFC could make it, with their average per stores sales usually exceeding 2.000.000. I will need to be a destination restaurant and have people drive to me vs. being the beneficiary of drive-by traffic and/or adjacent to a major anchor. Additionally, the size (3,300 SF) is generally way too big for today's standard for a drive-thru restaurant. Given the high NNNs and the property's location, in my opinion, makes the true market rent for this location closer to $ 10 / sf / year.

2. **Landlord Tenant Improvements** – Given the challenges of this location, the landlord should contribute substantially to tenant improvements. Maricopa County may require expensive upgrades to the Ansul system and the grease containment system – who will be responsible for this cost? I might be wrong on this point since I do not have the info regarding the state of those upgrades if any.

3. **Expected Gross Sales** – Given the offered rent structure, the gross sales at this site would need to be north of $ 800,000 per year for this site to be productive. Our project is a new independent fast-casual spot with an average ticket price of 10-12 dollars. To not be in the reds, we would need to serve ca 200 people a day. 365 days a year. Given the location, there is no way to get it to this level within the first two or three years in business. The realistic estimate is $450,000.00. This makes the cost of the rent payments north of 20% and the recipe for failure.

4. **The economy** – There are signs of an economic slowdown, with house sales, cars sales and other indicators pointing south, and the inflation pointing north. We opened our first store in 2010 in the midst of the great recession, we survived only because of the low overhead costs. This point has nothing to do with lease agreement but merely serves as additional info.

5. **Labor Cost** – The minimum wage went up from 7.95/hour – 12.10/hour including ca 10% payroll taxes (7.25 + 10%, 11.00+10%) this makes over 50% increase in labor cost. Taking into account the labor shortage in this industry the real per/hour pay is closer to $16.50 including payroll taxes which makes margins shrink substantially. This too has nothing to do with lease agreement but merely serves as additional info.

6. **Early Termination Option**

   a. Gross sales for the previous 12 months are less than 65.000 a month.
   b. My personal health condition changes such that I am no longer able to effectively operate the restaurant.

Finally: If the main goal is to generate as much money as possible, we are not the right fit and it's better for the Landlord to wait for one of the major chains to move-in. If, however, the Landlord would like to be a part in the creation of a new food concept (restaurant) serving one of a kind fresh, affordable & delicious European food in a fast-casual setting, we believe in being the best bet.

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Best regards
Hanna

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