

Save Money and Reduce Risks

All retail building carry expenses, such as property taxes, insurance, repairs, landscaping maintenance, and more. If you've owned a home and dealt with surprisingly high and unexpected expenses, it's a bit like that. The landlord in a retail center typically structures a lease around the tenant paying a share of these expenses, based upon the amount of space relative to other tenants in the property. It's most commonly referred to as Triple Net, or NNN. There is nothing unfair about it, but for tenants it can lead to unpleasant surprises with higher than expected rent.

At Cottonwood Village (973 E. Cottonwood Lane, Casa Grande), we take a different approach. We think our tenants have enough to think about in running a business. We saw an opportunity to be successful by taking the risk ourselves and offer all our tenants a guaranteed rental amount and do not ask them to participate in most expenses. There is no Triple Net, or NNN here. Tenants are responsible for power to their suites, and to take care of the improvements that were specifically added for their business.

In comparing Cottonwood Village with other retail space in Casa Grande, you might realize that you not only have a guaranteed rental amount, you will likely have lower rent overall. We offer free rent and improvement allowance, and charge \$15.95 per square foot, annualized. That doesn't sound much lower than other spaces, until you factor in Triple Net/NNN.

Here is a example on how it might compare:

<u>Cottonwood Village</u>		<u>General Example of Triple Net/NNN space</u>
1,077 sq. ft.	\$1,432 mo	$\$1,212 + 403 = \$1,615$ (expenses can vary)
1,491 sq. ft	\$1,981 mo	$\$1,677 + 671 = \$2,348$ (expenses can vary)

In both examples, the rent amount escalates about 3% per year each year of the lease. But with Cottonwood village there are no big surprises with the major repairs because we take that variability out of it. But importantly, we think you will find that even at the competitors projected rents, our monthly rent is less.