

| ~~January 9, 2015~~ ~~October 23, 2014~~

Ed James

| UCR [Houston](#)

3003 West Alabama

Houston, TX 77098

**Via Email**

**RE: Former Conn's Building, 5505 West Loop South, Houston, TX 77081**

Dear Ed,

I am pleased to present on behalf of Tesla Motors (NASDAQ: TSLA) the following Letter of Intent to lease the premises described herein. The purpose of this letter is not to bind the two parties legally but rather to generate discussions for preparation of a lease agreement (the "Lease"). It is intended that the Lease will contain, among other terms and conditions, the following provisions.

**TENANT:** Tesla Motors, Inc.

**LANDLORD:** MROD Willowbrook Ltd

**PREMISES:** +/-25,000 sf GLA and +/-1.50 acres of land together with related parking and access easements, collectively located at 5505 West Loop South, Houston, TX 77081 and as further defined in the space plan provided herewith as Exhibit A.

| **PARKING:** Tenant shall have use of all parking stalls located on the Premises, ~~and shall have the right to enclose all such stalls.~~

**EXPANSION RIGHT:** N/A

| **USE:** Tenant shall use the Premises for any lawful purpose, including but not limited to the sale, service, maintenance, charging, repair and storage of new and pre-owned automobiles and related parts and accessories, and for general office purposes. ~~Landlord warrants that the Premises are zoned and otherwise permitted for Tenant's use by all applicable governmental authorities.~~

**POSSESSION DATE:** Upon Completion of Landlord's work

**COMMENCENT DATE:** The date that Landlord delivers the Premises to Tenant in the Delivery Condition.

**RENT COMMENCEMENT:** ~~The earlier of~~ One hundred and Eighty (180) days from the Commencement Date ~~or the Tenant's opening for business.~~

**BASE TERM:** ~~Five (5) years~~ ~~Seven (7) years~~ Five (5) years starting on the Commencement Date (the "Base Term").

**OPTION TERMS:** Tenant shall have the option to extend the Base Term for ~~two one- two~~ (2) additional terms of ~~five five seven~~ (557)-years each by providing Landlord with written notice of its intent not less than six (6) months prior to the expiration of the Base Term, or any Option Term.

**BASE RENT:**

- Lease Years 1-5: \$~~25~~2320.00/sf GLA annually
- Thereafter (including Option Periods): 10% for the Option ~~increase each five (5) years~~

**TRIPLE NET CHARGES:** Tenant shall pay Common Area Maintenance (if any), Real Estate Taxes and Insurance charges (collectively, "Operating Costs"), ~~which shall not exceed the following in the first lease year, with Controllable Operating Costs thereof not to increase by more than [3%] in any lease year. Any property management fee will be capped at [1%] of Base Rent. Tenant will have the right to audit Landlord's calculation of Operating Costs with an auditor of its choice.~~

The current Operating Costs with respect to the Premises are set forth below:

- Common Area Maintenance \$2.00 /sf GLA annually
- Real Estate Taxes \$2.75 /sf GLA annually
- Insurance \$0.60 /sf GLA annually

In no event shall Tenant have any liability, or be required to pay any costs, for structural elements, the roof, or hazardous materials contamination not caused by Tenant.

"Controllable Operating Costs" mean all Operating Costs, other than Real Estate Taxes and Insurance.

**PREMISES DELIVERY CONDITIONS:** Landlord shall deliver the Premises in as-is where-is condition, ready for Tenant to provide the interior building outlined in as-is where-is condition, with Landlord providing new HVAC on the roof and assigning all warranties to Tenant. as per attached Exhibit B.

**TENANT ALLOWANCE:** \$500,000 or \$20.00 psf ~~15.00N/A, please see Exhibit B~~

**SIGNAGE:** Tenant at Tenant's sole cost and expense shall have the right to install the maximum allowable signage by law and any sign criteria of the development on each elevation of the Premises using Tenant's corporate colors and logos, including painting of the Premises exterior. Tenant shall be permitted to have signage on any monument on the Premises, and at the primary position, as determined by Tenant, on any pylon or monuments in the Common Areas.

**ASSIGNMENT & SUBLETTING:** Landlord shall not unreasonably withhold or delay its consent to Tenant's request for an assignment or sublease of all or any portion of the Premises. Landlord's consent shall not be required for any intra-company assignment or sublet.

**SECURITY:** None. Tesla Motors, Inc. is a publicly-traded company; current financial information can be found at <http://ir.teslamotors.com/sec.cfm>.

**UTILITIES:** Tenant shall pay its own water, sewer, electric and gas utilities, ~~and Landlord shall provide separate metering for same.~~

**MATERIAL INTERFERENCE:** If Tenant cannot use all or any portion of the Premises for longer than 2 business days after Landlord's breach of its obligations or because of any interruption of utility services (including (without limitation) water, power and telecommunications) or access to the Premises, Rent will be abated.

If Tenant is prevented from using the Premises for any reason (unless caused by Tenant or any Tenant party) for a period of 90 days, then Tenant will have the right to terminate the Lease upon 30 days' prior written notice to Landlord.

~~**LEASE TERMINATION OPTION:** Tenant shall have the right to terminate the Lease at any time after the end of the third lease year upon delivery of at least 60 days prior written notice to Landlord without any penalty or premium other than the payment of a lease termination fee in an amount equal to 4 month's rent plus the unamortized portion of any rent concessions, tenant improvements allowance and brokers' commissions at the time the notice is delivered.~~

**GOVERNMENTAL APPROVALS:** Tenant shall have the right to terminate the lease upon 30 days' prior written notice to Landlord if (a) Tenant is unable to obtain all necessary zoning modifications to permit Tenant to use the leased premises for its intended purposes within 120 days after the date of the lease; or (b) Tenant is unable to obtain all permits, approvals and consents from all applicable local governmental authorities and agencies necessary or appropriate to construct Tenant's improvements, install Tenant's signage and operate Tenant's business within 60 days after the date of the lease; or (c) Tenant is unable to obtain all permits, approvals and consents from all applicable state governmental authorities and agencies (such as, but not limited to, the state governmental authority having jurisdiction with respect to licensure of automobile dealers) within 120 days after the date of the lease. Tenant shall use best efforts to diligently pursue all governmental approvals during the 120 day after the lease execution.

~~**LOSS OF GOVERNMENTAL APPROVALS:** Tenant shall have the right to terminate the Lease upon 30 days' prior written notice to Landlord in the event Tenant ceased to have all governmental permits, approvals and consents necessary to use the Premises for the Permitted Use.——~~

~~**RIGHT OF FIRST REFUSAL:** In the event Landlord wishes to sell the Property during the Term, Tenant shall have a fifteen (15) business day right of first refusal to match any offer.~~

~~**OPTION TO PURCHASE:** Landlord grants to Tenant the option to purchase the Premises after the tenth (10th) lease year. The purchase price shall be determined according to the following procedure: Tenant and Landlord shall each engage an appraiser to provide an estimate of fair market value of the premises. If the value of the two appraisals do not differ by more than 10% then the fair market value of the premises shall be determined by averaging the value of the two appraisals; If the value of the two appraisals differs by more than 10% then the two appraisers shall agree to hire a third, independent appraiser to determine the fair market value of the premises.~~

~~**USE RESTRICTIONS:** Landlord represents that there are no leases or other restrictions for which the Landlord will need to obtain consent in order to enter into a lease upon the terms contained herein. See [title restrictions from the Incredible Universe property attached.](#)~~

**SUPERCHARGER:** At any time during the Term, Tenant may install at the Premises its customer-facing electrical vehicle charging stations known as Super Chargers (the "Supercharger Station"), together with certain trade fixtures as determined by Tenant, which may include, without limitation, the vehicle chargers, charge posts, switchgear, signage, fence or other visual barriers, canopy, solar panels, and an energy storage system. Landlord shall have no right to request or accept payment from Tesla customers or any other third-parties in connection with Tesla charging services. Set forth on Exhibit "C" is a depiction of a typical Supercharge Station.

**BUILDING CONDITION:** Within thirty (30) days following the execution of this LOI, Landlord shall provide Tenant with the following:

- (i) information detailing the Premises, both interior and exterior,
- (ii) parcel maps and title reports showing that the Premises sit on a single legal parcel,
- (iii) hazardous materials reports,
- (iv) access to the Premises to inspect the Premises and confirm the adequacy of Landlord services and the building, and
- (v) utilities information.

**EXCLUSIVITY:** N/A

**LENDER:** [Prior to execution of the Lease, Tenant will receive an agreement from Landlord and any lender or holder of a superior interest stating that: (a) the lender or holder of a superior interest has no objection to Landlord's grant of the Lease to Tenant; and (b) if the lender ever forecloses on its mortgage (or the holder of the superior interest terminates Landlord's interest), then so long as Tenant continues to perform its obligations under the Lease, the lender or holder of superior interest will recognize Tenant's rights under the Lease.] ~~[Landlord will represent and warrant that there are no mortgages or superior rights on the Premises or the Common Areas.~~

**LEASE FORM:** Landlord and Tenant shall use Tenant's standard lease form.

**CONFIDENTIALITY:** All information disclosed by Tenant, including the terms of this letter of intent, is subject to the Nondisclosure Agreement ("NDA") dated [\_\_\_\_\_, 20\_\_]. Landlord will not make

any press release or public announcement with respect to this letter of intent or the transactions contemplated hereby without the prior written consent of Tenant

**BROKERAGE COMMISSIONS:** Landlord shall be responsible for brokerage commissions payable to JP Retail Advisors LLC (collectively "Tenant's Broker"), in the total sum of four ~~dollars per square foot~~ percent (~~\$ 4.00 %psf~~) of the Base Rent payable during the Base Term as a result of the consummation of the Lease, with 50% payable upon waiver of Tenant's Contingency and the balance payable upon Rent Commencement. Landlord further agrees to hold Tenant harmless against any and all brokerage claims. Tenant acknowledges that it has not utilized a broker in this transaction except JP Retail Advisors LLC

The parties acknowledge that this non-binding Letter of Intent does not address all essential terms of the Lease and that such essential terms will be the subject of further negotiation. This Letter of Intent shall be of no further force and effect if not agreed to and accepted by Landlord on or before 5:00 p.m. PST on November 31, 2014.

Sincerely,

Chris Pitts

cc: Julianne Hayden, Alberto Perez, Jim Vann, Dan Spero

\_\_\_\_\_

Accepted and Agreed:

By: \_\_\_\_\_  
Landlord

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Tenant

Date: \_\_\_\_\_

**Exhibit A**

[TO BE PROVIDED]

**Exhibit B**

Landlord Work Letter

**Exhibit C**

SUPERCARGER DEPICTION