SUMMIT
COMMERCIAL REAL ESTATE

April 7, 2014

Ben Becker
KLNB retail
5225 Wisconsin Ave., NW, Suite 600
Washington, DC 20015
Sent via email: bbecker@klnb.com

RE: Letter of Intent for MEDC, LLC d/b/a/ Massage Envy (the "Tenant") to lease space (the "Premises") at 4620 Wisconsin Avenue, NW Washington, DC 20016 (the "Property") from the Property owner (the "Landlord").

Dear Ben:

On behalf of American University ("Landlord"), we are pleased to submit the following Letter of Intent whereby MEDC, LLC d/b/a/ Massage Envy ("Tenant") would enter into a lease at the Premises.

PREMISES:

The Premises shall consist of approximately 2,857 rentable square feet (SF) as identified as Suite B on the attached Exhibit A. The Usable square feet is 2,546.

INITIAL LEASE TERM:

Ten (10) years from the Rent Commencement Date.

TERMINATION:

If Tenant is not in default, Tenant shall have a one-time right to terminate the Lease after the seventh (7th) lease year upon no less than nine (9) months prior written notice ("Notice") to Landlord. Notice must be accompanied by Tenant's payment of unamortized Tenant Improvements, Rent Abatement, Commissions, and Legal Fees.

OPTIONS TO RENEW:

Tenant shall have an option to extend the Lease for two periods of five (5) years each with no less than six (6) and no more than nine (9) months prior written notice to Landlord. Rent for the first year of the first option shall be two and 50/100 ($2.50) more than the then current escalated rent.. The second option shall be at the prevailing market rate, as determined by the "Three Broker Method."

LEASE COMMENCEMENT DATE:

The Lease Commencement Date shall be upon execution of a Lease.

RENT COMMENCEMENT DATE:

The 150th day following the date on which the Special Exception is obtained

Tenant shall have 20 weeks from the date of a fully executed LOI to obtain the Special Exception (hereafter referred to as the "Special Exception Outside Date"). In the event that, on or before the Special Exception Outside Date Tenant has not obtained the Special Exception required to allow the business use, either Landlord or Tenant may, at their election, on or before the date that is ten (10) day after the Special Exception Outside Date, by written notice to the other, terminate this Lease. Tenant shall provide Landlord with weekly progress reports during the Special Exception, design and permitting process.

ANNUAL BASE RENTAL RATE:

The Lease shall be an "Absolute Net Lease" (i.e., Tenant pays 100% of Property expenses, including taxes, insurance, utilities, cleaning, CAM, waste removal and maintenance attributable to the Premises). The Annual Base Rental Rate for the initial Lease year shall be Thirty Two and 50/100 Dollars ($32.50) per square foot.

BASE RENTAL ESCALATION:

The Base Rent of the Premises shall increase two and one quarter percent (2.25%) per annum throughout the Lease Term.

OPERATING EXPENSES AND REAL ESTATE TAXES:

Tenant shall pay monthly its pro rata share of Real Estate Taxes and Operating Expenses attributable to the retail space, estimated at $13.27 per foot. Landlord agrees to limit annual increases in Operating Expenses and Real Estate Taxes to 5% in any one year.

IMPROVEMENTS:

Tenant agrees to lease the Premises in its as-is condition. All other improvements shall be constructed at Tenant's sole cost and expense subject to Landlord's approval of plans and specifications.

Landlord shall provide a Tenant Improvement Allowance of up to Sixty Dollars ($60.00) per SF to be used for design and construction of actual improvements made inside the Premises.

SIGNAGE:

Tenant shall have the right to signs and awnings on the building in front of the Premises subject to Landlord prior written approval and in accordance with all code. All signs shall be at Tenant's sole cost and expense and with Landlord prior approval. Tenant shall provide a proposed signage designed specifically for Premises for Landlord review.

MAINTENANCE AND REPAIR:

Tenant shall at its sole cost and expense keep and maintain all structural and non-structural portions and systems of the Premises and serving the Premises (excluding, however, structural elements of the Building except for damage caused by Tenant or its invitees and agents, etc.) in good repair and order, including but not limited to the plumbing, heating, air conditioning and ventilating systems and equipment, fixtures, utilities, electrical wiring, floor, interior walls, ceilings and all interior and exterior pipes lines and conduits, and any shall fix any leaks and damage caused by any leaks to the concrete slab and/or garage below the Premises. Tenant shall also be responsible to clean any trash or mess and repair any damage to the Common Corridor made by its employees or delivery personnel. Tenant will provide all materials, supplies, and equipment necessary to provide the services required under the lease, as well as any additional services provided at, through, or in conjunction with the property. All materials shall be of high standards and quality workmanship, and will be maintained by the Tenant.

All chemical products, or other materials containing chemicals of any type, brought onto Premises by the Tenant must be registered with, and a Material Safety Data Sheet (MSDS) filed with, Owner's Facilities

Maintenance Department. All waste products or cleaning process byproducts must be disposed of in compliance with District of Columbia and federal safety and environmental regulations.

ASSIGNMENT/SUBLETTING:

Tenant shall have the right to assign or sublet the Premises with Landlords written consent. Landlord's consent shall be conditioned upon the creditworthiness and business experience of the proposed assignee or sub-lessee, in the Landlord's reasonable but sole discretion.

CORPORATE/FRANCHISOR REQUIREMENTS:

The lease shall include the following items in a form reasonably satisfactory to both parties.

1. Provide for concurrent, written notices to be copied to Massage Envy Franchising, LLC (Franchisor) in the event of any default under the lease;
2. Provide Massage Envy Franchising, LLC (Franchisor) the right, but not the obligation, to cure any such default;
3. Provide the right to assign the Franchisee's interest in the lease to Massage Envy Franchising, LLC (Franchisor), at Franchisor's option, without Lessor's prior consent;
4. Provide the right to Massage Envy Franchising, LLC (Franchisor) to assume said lease upon termination or expiration of the Franchise Agreement subject to Lessor's prior consent;
5. Allow Massage Envy Franchising, LLC (Franchisor) to enter the Premises upon termination or expiration of the Franchise Agreement to assure compliance with the de-identification and other provisions that may be part of the Franchise Agreement.
6. Acknowledge that Massage Envy Franchising, LLC (Franchisor) is not liable for this Lease agreement unless in the case of assignment to Massage Envy Franchising, LLC.

OPERATING PARAMETERS:

Tenant would be billed by Landlord for operating costs which are not paid directly to the service provider by Tenant. Landlord shall determine the portion of the cost attributable to the Premises and bill the Tenant.

SECURITY DEPOSIT & GUARANTY:

The Security Deposit shall be one (1) month's rent. The Tenant shall provide a one (1) year, rolling guaranty. The guarantors shall be Diane and Joseph Kelly and Terri and Anthony Jacques.

USE:

Tenant shall use the Premises only for the operation of a Therapeutic Clinic for neuromuscular and therapeutic massage membership sales and services, facial and esthetician services and related retail products. Landlord makes no representation whether such uses are permitted by code and Tenant shall be responsible for all approvals, permits and licenses required for such uses. Tenant is prohibited from using the Premises without Landlord's prior written consent for any other use.

EXCLUSIVE:

During the Lease Term Landlord shall not lease or rent, any space in the Property for a massage therapist, massage therapy, muscle therapy, or customized facials. Landlord shall also not lease, rent, occupy or

permit to be occupied or used, any spaces adjacent to the Premises, to new tenants whose use shall create unreasonable noise, odor or vibration which would penetrate into the Premises sufficient to materially disrupt the quiet enjoyment for the Massage Envy Spa clientele.

BROKERAGE:

Landlord shall pay KLNB a commission as long as KLNB is and remains authorized to represent Tenant.

CORPORATE APPROVAL:

This transaction is subject to the review and approval of Massage Envy Franchising, LLC, which shall be received within ten (10) days after the Letter of Intent is fully executed.

PARKING:

Tenant may, subject to availability, lease up to 3 monthly parking permits in the Building garage. The current cost of unreserved employee monthly parking is $135/permit/month. Building Parking Hours are currently 8 am to 6 pm Monday through Friday, and are subject to change. In addition, Tenant's visitors may park in the Building garage during Building Parking Hours subject to availability and hourly charge.

Tenant's validated visitors will be permitted to park in the retail parking area free of charge for the first hour between 11:00 am and 5:00 pm Monday through Friday (M-F).

Tenant's visitors may park free of charge after 5:00 pm Monday through Friday and during the weekends.

ASSIGNMENT/SUBLETTING:

Tenant shall have the right to assign or sublet the Premises with Landlords written consent. Landlord's consent shall be conditioned upon the creditworthiness and business experience of the proposed assignee or sub-lessee, in the Landlord's reasonable but sole discretion.

LETTER OF INTENT EXPIRATION:

This Letter of Intent shall expire at 5:00 pm ten days after the date hereof.

This Letter of Intent shall be subject to modification, cancellation, withdrawal or prior leasing. It is understood that Landlord and Tenant shall have no obligation under this Letter of Intent and neither party shall have any obligation unless and until a lease agreement is fully executed by both parties. This Letter of Intent is subject to withdrawal by Landlord at any time.

Sincerely,

John P. Duffy Managing Principal	Paul F. DeFilippes Managing Principal

AGREED AND ACCEPTED

Tenant: MEDC, LLC d/b/a/ Massage Envy

_______________________ Date

Landlord: American University

_______________________ 4/18/14
Date

Douglas Kudravetz
Interim CFO, Vice President & Treasurer

cc. Lisa Fiorentino

Exhibit A


ROOF ABOVE
PARKING
GARAGE
ELEVATOR #1
ELEVATOR #2
ELEVATOR
LOBBY
UP
DN
VACANT
SUITE I
STRUCTURE
ABOVE
PROPERTY
LINE
STAIR #2
TERRACE