

VICTORY

RESTAURANT GROUP

May 6, 2020

Hello

Our company Victory Restaurant group purchased the commercial condo located at 100 N Marion Street on September 26th, 2019. Our plan was and is to open a full-service Italian restaurant using our "Victory Italian" name. We have similar restaurant locations in South loop, River North and Elmhurst. We also have 12 other restaurants in the Chicagoland area.

When we first put our plan together for the location, we looked to the possibility of reducing the real estate taxes to make this project more economically viable. Taxes of over \$100,000 annually would make the rent for this project over \$200,000 making the planned occupancy cost for this Victory Italian location higher than any of our other locations by more than 25%.

We were advised by a consultant we had used on multiple projects that there may be a process to lower the real estate taxes and based on this information we struck a deal with the sellers. The sellers could not hold off on closing this deal until this tax reduction was made so we took the leap of faith and purchased the real estate.

Our plan 6 months ago was to go through the tax reduction process and depending on the outcome slightly alter our plan, possibly lowering our projected budget or subleasing part of the space if we did not receive the reduction.

In the wake of this current C-19 crisis and the resulting economy that we believe will be the post closure reality we have been weakened both at the restaurant level and at the company level. We have been forced to alter our company's performance projections for the next 12 months and this new reality will optimistically be an environment with sales of 60-80% of our previous projections. This new reality not only effects our existing locations but of course this future location. Projections are by nature imperfect, but they are the best we can do at this point. We are seeking to lower our expenses, rents and occupancy costs at all our locations in order to survive in the future so we must also do so in this location.

We have secured financing for this project prior to the C-19 crisis so we are ready to build this restaurant. However now this tax reduction no longer represents an element that will effect the scope and budget of the project, it s an element that effects its viability. At this point without the tax reduction this project will not happen in its current form.

Thank you



Anthony Gambino

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