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August 5, 2020

Mr. Tom Mann
SVP of Industrial Real Estate
The Hollingsworth Companies
Two Centre Plaza
Clinton, TN 37716

RE: Request for Proposal (“RFP”) to Lease Industrial Space

Dear Mr. Mann,

On behalf of our client, Confidential Manufacturer, CBRE|Triad is pleased to submit the below Request for Proposal to lease +/- 108,960 square feet of industrial space located at 212 Quality Dr. The following is a summary of some of the requirements needed to satisfy and facilitate a lease for the Tenant’s use. This summary of requirements is to be used as a guideline for your proposal. Please address each of the following items:

QUESTION

RESPONSE

Building: 212 Quality Dr., Mocksville, NC

Landlord: Please indicate the ownership entity.

Hollingsworth Investments XI

Tenant: Confidential Manufacturer – To be disclosed prior to final acceptance.

Upon disclosure of tenant and manufacturing process credit can be determined. Offers herein are based on the assumption of good bankable credit of the tenant entity.

Tenant’s Use: Tenant will use the Premises for manufacturing, distribution, and office. Please confirm these activities are allowed under existing zoning.

Location zoned for GI General Industrial. This is the only Industrial Zone designation available in the Town of Mocksville and permits almost all forms of manufacturing. A copy of the Zoning ordinance is available for your review. The table of allowable uses begins on page 19 of the document. Uses are also subject to Park Covenants.

Premises: +/- 108,960 square feet.

Noted.

The Premises shall be measured in accordance with a BOMA method of measurement. Please provide plans for the Premises.

Agreed.

Commencement Date: The commencement date shall be upon substantial completion of the Tenant's buildout, but no later than January 1, 2021.

Initial Lease Term: Tenant desires proposals based on the initial term of five (5) and ten (10) years following the commencement date.

Rental Rate: Please specify the annual rental rate and lease structure.

Operating Expenses and Real Estate Taxes: Please provide the building's operating expense (including real estate taxes) for 2020. The Tenant is requesting a 2021 base year with escalation of controllable costs not to exceed 3% maximum per year, non-cumulative, non-compounding.

Rental Concession: Please indicate the number of months of rental concession offered after the commencement date, exclusive of the Tenant build-out period.

Tenant Improvements: Please provide a Tenant Improvement Allowance for both a five (5) and ten (10) year term. Tenant is requesting approximately 3,000 SF of office buildout to be mutually agreed upon, restrooms to support 70 employees and an area designated for trailer storage of approximately ten (10) trailers. In addition, Tenant would like an allowance for additional building improvements.

Assuming a signed Lease September 1, 2020, Office improvements could be completed by November 15th. Pre-term occupancy could begin on November 16, 2020.

See rate offers below.

Seven (7) Year Term NNN

Base Building
\$4.53/SF/YR + CPI Annual Adj. (min. 3%)
Upfits herein described below
\$0.68/SF/YR + CPI Annual Adj. (min. 3%)

Ten (10) Year Term NNN

Base Building
\$4.37/SF/YR + CPI Annual Adj. (min. 3%)
Upfits herein described below
\$0.47/SF/YR + CPI Annual Adj. (min. 3%)

Lease is NNN with No management fee added by Landlord.

Real Estate Taxes: \$0.38/SF/YR

Building All-Risk Insurance: \$0.09/SF/YR

Estimated Maintenance: \$0.14/SF/YR*

* Maintenance is a tenant controlled cost. There is no Landlord mark-up.

For a lease signed by September 1st, we expect upfit completion by November 15th. With a Seven Year Lease Term we would offer 2 months of rent-free pre-term occupancy. If the tenant selects the Ten Year Lease Term, the pre-term rent-free occupancy period would be 5 months. During pre-term occupancy, tenant would pay utilities and triple net expenses only.

The 3,000 SF of office improvements and 10 trailer drop spaces are quoted above.

Additional Improvements can be added to the rent based on the following formulas:

Seven Year Lease Term: \$0.065/SF/YR for each increment of \$25,000 in cost of construction.

Ten Year Lease Term: \$0.050/SF/YR for each increment of \$25,000 in cost of construction.

Up to \$1,000,000.00 of upfits may be added using the formulas above. All such additions must be included in the original approved construction plans.

Base Building Conditions: Please provide a summary of the Base Building conditions: clear height, loading, lighting, sprinkler, floor loading, electrical power/capacity, etc. Please also specify what utilities are accessible in the building.

See attached Flyer.

Right of First Refusal: Tenant shall have an ongoing Right of First Refusal to Purchase the building. Upon written receipt of an offer Tenant shall have thirty (30) days to accept based on the terms provided.

Agreed. The Landlord does not often sell Leased buildings. It is our business to build a large portfolio of leased buildings.

Option to Renew: Tenant shall have two successive options of five years each to renew the term of the lease for any space then under lease by Tenant in the Building at the then fair market lease rate, but not to exceed the continued annual escalation.

Three (3) successive periods of five (5) years each, are offered under the same terms and conditions as the original lease.

Termination Option: Tenant shall have the right to terminate the lease after the seventh year providing a minimum of one hundred and eighty (180) day notice. Tenant shall pay all unamortized Tenant Improvements, leasing commissions and two (2) months base rent.

Landlord will grant the Tenant the right to terminate the Lease after the seventh year with three hundred sixty (360) day advance notice and the advance payment of 12 months rent at the time of notice.

Preliminary Space Planning Alternatives: Landlord shall provide Tenant with one (1) test fit and up to two (2) revisions.

Agreed, with Tenant's commitment to 48 hour turnaround of comments or approval. Our in-house Architect will work with the tenant during Lease negotiation to develop acceptable plans to preserve Tenant's rent free period.

Hold Over: Tenant will require the right to hold over for a period of up to six (6) months following the expiration of the Lease Term at no more than 110% of the last month's rental obligation.

Hold over is not permitted.

Parking: Please specify the availability and location of parking.

32 car spaces available located in the front of the building. Additional car or truck spaces can be added.

Assignment and Subletting: Tenant shall have the right, without Landlord's consent, to sublease any portion of the Premises or assign this lease to any other entity under its control. Tenant shall have the right to assign this lease or sublease any portion of the Premises to a third party by obtaining the consent of Landlord, which shall not be unreasonably withheld or delayed. Landlord shall have no right of recapture.

Sublease or assignment agreed, Tenant/Guarantor still responsible for lease requirements. Landlord agrees to no right of recapture.

Security Deposit: Landlord to waive security deposit.

Minimum amount equal to one month of rent security deposit will be required. This amount can be confirmed after review of three years of Tenant entity financials.

Building Signage: Please indicate type and costs of signage available.

One free standing sign in yard and one mounted on building façade to follow local regulations. Costs to be borne by tenant.

Hazardous Materials: Landlord represents and warrants that the building, including the leased premises, is entirely free and shall remain free of asbestos, and asbestos containing materials, polychlorinated biphenyl, and other hazardous materials.

Landlord will provide a clean Phase I Environmental survey before occupancy. Tenant shall provide the same to Landlord at the end of Tenant's occupancy.

Disabilities Act: Landlord represents and warrants that the building and the premises fully comply with the provisions of the Americans with Disabilities Act of 1990 and all local requirements.

Agreed.

Non-Disturbance: Landlord shall provide Tenant, concurrently with the execution of a lease document, a non-disturbance agreement signed by any lender or lien holder of record. Further, Tenant's obligations subordinate lease to any future lender or lien holder shall be conditioned upon Landlord receiving a comparable non-disturbance agreement from such lender or lien holder.

Landlord agrees to have SNDA executed by Lender with their usual and customary terms before tenant begins pre-term occupancy.

Broker Commission: Landlord recognizes CBRE|Triad as Tenant's broker and agrees to pay a leasing commission equal to four percent (4%) of the gross lease value per a separate commission agreement. Tenant shall have no liability for the payment of any such commission.

Landlord agrees to pay a 4% commission to CBRE|Triad based on the gross of all lease payments for the initial term of the lease, not including any triple net payments.

Confidentiality: This proposal and all discussion related thereto shall be held in confidence by Landlord and Tenant and will not be discussed with third parties except on an "as needed" basis (e.g. attorneys).

Agreed. Landlord will sign a non-disclosure agreement prior to receiving financial information for review.

Expiration:

All offers made by Landlord are subject to availability of the subject property and shall automatically be withdrawn September 4, 2020 unless extended by mutual agreement.

This request for proposal is not meant to be binding, and no commitment is made by either party hereto until such time that all business points have been mutually agreed to by both Landlord and Tenant and mutually agreeable lease documents are fully executed by both parties.

We would appreciate a written response no later than August 9, 2020. If you have any questions concerning this request, please call me at (336) 793-7765.

Sincerely,

A handwritten signature in blue ink, appearing to read "Will Henderson".

Will Henderson
Senior Vice President