

Matt Anderson, SIOR
Executive Vice President

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2221 Edward Holland Drive
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John Moore
Associate

Email: john.moore@colliers.com
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August 18, 2021

Via: Electronic Mail

Tom Mann

The Hollingsworth Companies

RE: Request for Lease Proposal – 6162 Quality Way

Dear Tom,

Colliers International Virginia LLC ("Colliers") ("Broker") is pleased to have this opportunity to present the following proposal on behalf of Fun.com ("Tenant") to lease space in the above referenced facility.

Response: Please respond within the enclosed document as a "red-line."

Building: 6162 Quality Way
Prince George, VA

Landlord: **Summit Properties Partnership**

Tenant: Fun.com ("Tenant")

Premises: 194,880 SF

Lease Commencement Date: ~~February 1, 2022~~
December 1, 2021

Early Access: Tenant shall have access to the Premises, free of rent, operating expenses, and utilities, sixty (60) days prior to the lease commencement date for installation of IT and FF&E.

Agreed.

Lease Term: Option A: 5yrs
Option B: 7yrs

This facility is available for a 10-year or a 15-year lease term. Both have been quoted.

Renewal Options: Tenant shall have two (2) five-year (5yr) renewal options by providing Landlord nine (9) months' notice. The rent during the renewal terms shall be then fair market value.

Landlord to provide three (3) five-year (5yr) renewal options at the same terms and conditions as the original Lease Term.

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Base Rent:

Please state your most aggressive rent structure to include any annual base rent escalation.

10 Year Term

\$4.77/SF/YR, NNN, + CPI 3% minimum

Lease Rate Adjustment available for upfits \$0.067 per \$75,000 cost. Upfits will be managed by tenant or their agent. Financing by Landlord is optional.

15 Year Term

\$4.57/SF/YR, NNN, + CPI 3% minimum

Lease Rate Adjustment available for upfits \$0.050 per \$75,000 cost. Upfits will be managed by tenant or their agent. Financing by Landlord is optional.

Rent Abatement:

Please include some up-front rent abatement to offset start-up costs for this new location.

Pre-term occupancy at no cost to the Tenant until Lease Commencement December 1, 2022.

Operating Expenses:

Please provide a breakdown of the 2022 Operating Expense budget.

Taxes - \$.35 SF/YR. Estimated.

Insurance - \$.09 SF/YR. Estimated, insurance rates and carrier to be selected and negotiated by Tenant, at Tenant expense.

CAM - none, there will be no common area management fees for this project.

General Maintenance - \$.08 SF/YR Estimated. These costs are controlled by the tenant.

Improvement Allowance:

Landlord shall provide: one (1) 40'40' breakroom, one (1) 500 SF conference room, and four (4) additional 200 SF offices, Two (2) restrooms, one (1) men's and one (1) women's, per code. Landlord shall deliver office request turnkey. Landlord shall provide space planning services (one test fit and one revision) and its sole cost and expense.

To be provided by tenant. Tenant may pay for the upfits, or Landlord will finance the upfits through additional rent using the "Lease Rate Adjustment" formula listed above. If Tenant pays for upfits, they may qualify for Bonus Depreciation with the IRS and be able to depreciate 100% of the costs in year one.

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Base Building Improvements: Landlord shall deliver the following improvements at its sole cost and expense prior to the commencement date.

- **LED lights throughout warehouse (per Tenant's racking plan) at 30ft candles**
- **Electrical service:** 3 Phase Power, 277/480 Volt, 4 wire, 2,000 AMP
- **Number of docks and packages:** Ten (10) docks. Two (2) pickup height. Dock levelers to handle 14,000lbs
- **Drive-in loading specs:** One (1) drive in ramp. One (1) tall 12' door.

Tenant may make improvements as previously mentioned. Existing facility has LED lights producing 30 FC illumination in the facility as is. Current Electrical service is 1200 AMP 480/277V 3 phase service. Building has (14) 9' x 10' overhead doors at 4' dock height and one 12'W x 14'H drive-in ramp door.

HVAC: Tenant agrees to maintain a quarterly maintenance contract on HVAC units. Landlord agrees to cap Tenant's HVAC exposure to \$1,500 per unit per year.

Tenant is responsible for HVAC maintenance. This is a triple net Lease where tenant takes care of all maintenance. Landlord keeps roof and structure maintenance only.

Security Deposit: Tenant shall not pay a security deposit pending Landlord's review of Tenant's financials.

TBD, a guarantor may be required, to be determined after review of Fun.com's financials. Normal deposit requirement is two months' rent.

Parking: Tenant will require 200 seasonal parking spaces for the months of September and October each year and 25 car parks on an ongoing basis.

To be provided by tenant. Tenant may pay for the upfits, or Landlord will finance the upfits through additional rent using the "Lease Rate Adjustment" formula listed above. If Tenant pays for upfits, they may qualify for Bonus Depreciation with the IRS and be able to depreciate 100% of the costs in year one.

Purchase Option: Should the Purchaser elect to purchase the Property after the initial twelve (12) months, Purchaser will have a one-time six-month period in which to provide notice by submitting an executed PSA. The purchase price would be fair market value as of the time of giving notice as reasonably determined by Tenant and Landlord. The PSA which will be included as an amendment to the lease. \$100,000.00 to be deposited with Escrow Agent within 5 business days following the execution of the PSA which will immediately become non-refundable and will be applied to the Price at Closing. Within five (5) days following the execution of the PSA, Seller will deliver the following items to the Purchaser:

- 1) Preliminary Title Report
- 2) Building Plans, Surveys, Plats, environmental reports and property condition reports in Sellers possession.

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- 3) Landlord and Tenant shall work together to create a mutually agreeable site plan, building plan and office/will-call layout during the feasibility period.
- 4) Copies of all studies, reports, inspections in Sellers possession.
 - 5) Copies of any CCR's or owner's association documents affecting the subject property.

Closing shall occur thirty (30) days following the execution of the PSA.

A purchase option is not available with this property. Tenant shall have the right of first refusal. Landlord intends to hold this property long term.

Brokerage:

Tenant is represented by Colliers International Virginia, LLC. Landlord shall enter into a separate agreement with Broker, under which Landlord agrees to pay Broker a full market real estate commission of four percent (4%) per a separate agreement ("Commission"). In the event of a sale, an additional commission will be paid by Landlord/ Seller at closing for the balance/ delta of the leasing commission and a 3% sale commission value.

A lump sum equal to the aggregate of base rent at 4% for Years 1-5 and 2% for Years 6-10 to be paid during the initial Term, excluding TI Allowance, and upfits. 2% for renewal option(s) negotiated as a part of the original lease. 2% for any area expansion beyond the original lease square footage. Any expansion or renewal commission will require a signed exclusive Broker agreement at the time of said renewal/extension.

Expiration of Offer:

**All offers made herein will automatically expire unless an accepted RFP is received by August 31st, 2021.
Lease acceptance, signed by all parties, shall be on or before September 10th, 2021.
Facility is subject to availability.**

Disclaimer:

Colliers International Virginia, LLC submits this non-binding Request for Proposal ("RFP") on behalf of the Tenant. This RFP is not a contractual offer and neither party shall be bound by an agreement until a definitive written contract is executed by both parties.

This RFP is intended solely as a preliminary expression of general intention and is for discussion purposes only. This RFP is not intended to, and shall not, create any agreement or obligation by either party to negotiate a definitive agreement pertaining to the Property and imposes no duty on either party to continue negotiations. Neither party shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive written agreement setting forth all material terms of the parties' agreement has been fully executed and delivered by the parties. Prior to delivery of such definitive executed agreement, and without any liability to the other party, either party may (1) propose different terms from those summarized herein, (2) enter into negotiations with other parties, and/or (3) unilaterally terminate all negotiations with the other party hereto.

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**Confidentiality and
Public Prohibition:**

This space requirement is confidential. Any discussions about the project with third parties (including disclosure of the Tenant's name) should be held on a need-to-know basis only. Parties who breach this trust will be eliminated from further consideration at Tenant's sole discretion. Neither Landlord nor Tenant shall publicize in any medium this Request for Proposal, the entering into any lease agreement in connection herewith, or the negotiations for, or the terms, conditions or provisions included in, either or both of them. The provisions of this section are binding upon the parties and will be included in any lease to be executed by the parties.

Landlord agrees to maintain confidentiality with respect to the information contained in this RFP.

Please submit a copy of your response to this Request for Proposal as soon as possible to john.moore@colliers.com and matt.anderson@colliers.com.

Thank you for your time and effort regarding this matter. We look forward to hearing from you at your earliest convenience. Please contact me in the interim if you have any questions.

Sincerely,

Colliers International

A handwritten signature in black ink that reads "John Moore".

John Moore
Associate

A handwritten signature in black ink that reads "Matt Anderson".

Matt Anderson
Executive Vice President