



BINSWANGER

1735 ST. JULIAN PLACE, SUITE 303, COLUMBIA, SC 29204
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August 3, 2021 [Response August 11, 2021](#)

TERM SHEET - Lease proposal on behalf of Solyco Advisors

LEASED PREMISES - Approximately 150,000 square foot build-to-suit building on ___ acres ___ Quality Drive Mocksville, NC 27028 the "Premises"

LANDLORD - The Hollingsworth Companies

TENANT - Palltronics

LEASE TERM - 10 year lease

RENTAL RATE – Provide a base net rental rate per square foot during the term. Rate is to include Landlord Work as well as Tenant Improvement allowance.

[Base Building Rental Rate: \\$6.62/SF/YR, NNN plus](#)

[Upfit Rental Rate: \\$ 0.94/SF/YR, NNN](#)

[All rent subject to an annual adjustment based on change in the Consumer Price Index \(min. 3%\) and are offered subject to approved credit of the tenant entity, or other satisfactory surety according to Hollingsworth's standard credit approval policies. Due to current market conditions, rental rates quoted can only be held through August 27, 2021.](#)

Please state how local and state incentives will pass through and affect the lease rate. Example, for every \$50,000 worth of cash grant money, how much will that reduce the rental rate?

[We use a "Lease Rate Formula for Adjustment in Scope". This can be applied to changes in scope of work for upfits or incentives. The adjustment factor for this facility is \(\\$0.057/SF/\\$50,000\)](#)

RENEWAL OPTIONS - Tenant to have a minimum of two (2) 5-year options to renew the Lease at 95% of fair market rent for each renewal term. Tenant shall provide a 9-month notice of its intention to exercise each option.

[Lessor hereby grants to Lessee three \(3\) successive 5-year renewals continuing the same terms and conditions as the original Lease Term.](#)

PURCHASE OPTION – Please describe the purchase options available to the Tenant

[The Tenant will be provided with the first right of refusal if the facility becomes available to sell.](#)

OPERATING EXPENSES – Please specify and breakdown

[Taxes \\$0.28 SF/YR estimated. Tenant has right to appeal any new assessments.](#)

[Insurance \\$0.10 SF/YR estimated. Tenant controlled expense.](#)

[Maintenance \\$0.10 SF/YR estimated. Tenant controlled expense.](#)

FREE RENT – Identify initial rental abatement to be provided to Palltronics

[Tenant would be able to begin racking installation 60 days before building completion.](#)

DELIVERY DATE - Please confirm the delivery date of the premises sufficient for Landlord Work and Tenant Improvements to commence.

[Assuming Lease signing by September 1, 2021, based on current market conditions for extremely extended lead times for steel structures, October 31, 2022.](#)

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LEASE COMMENCEMENT DATE – Lease Commencement shall be the later of (i) substantial completion of Landlord Work and all Tenant Improvements or (ii) issuance of the CO by the governing authority. Lease Commencement shall represent the delivery of sole and exclusive possession of the Premises to Palltronics (the “Delivery Date”).

Delivery Date is scheduled for October 31, 2022. Landlord will make every attempt to deliver the building earlier but cannot guarantee delivery with current material supply disruptions.

EARLY ACCESS PERIOD - Tenant shall be provided early occupancy (without payment of rent or expenses) to commence fixturing prior to the completion of Landlord Work.

Tenant would be able to begin racking installation 60 days before building completion.

LANDLORD'S EXPENSE AND RESPONSIBILITIES - Landlord will be responsible for maintenance of the roof, exterior walls, and foundations of the building. Landlord will deliver the premises to the tenant with all HVAC, lighting, electrical, mechanical, plumbing, sprinkler system, dock/drive-in doors, man doors and seals, driveway, truck court, parking areas and groundskeeping in good working order/repair and with the roof free of leaks. Landlord will pay for all capital expenses during the term of the lease unless repairs are necessitated by the Tenant's negligence.

Agreed with the following exception: Tenant is responsible for all building maintenance except the Roof, Structure, and Foundation. Maintenance of exterior walls and capital expenses are the responsibility of the tenant. As a new Build-to-Suit facility, no capital expense would be likely, and the Landlord will provide a one-year warranty on all building systems as it would be a new building.

LANDLORD IMPROVEMENTS – Landlord's proposal shall include completion of “Landlord Work” which shall be performed at its sole cost and expense apart from the Tenant Improvements and associated allowance. Landlord Work is defined in attached Exhibit A.

See qualifications to items listed in Exhibit A.

TENANT IMPROVEMENT ALLOWANCE - Please state the maximum provided Tenant Improvement allowance that Landlord is willing to contribute against the cost of the Landlord Work as preliminarily outlined on the attached Ex. A.

The Upfit Rental Rate includes all items in Exhibit A as qualified by Landlord. If the Tenant would prefer to reduce the rental rate by paying for all or part of Tenant Improvements using the same formula listed for incentive related rent reductions. Or the Landlord would allow the Tenant to hire their own General Contractor to perform the tenant improvements.

TENANT'S RESPONSIBILITIES - Tenant shall keep and maintain the entire interior of the Premises and any improvements thereon, including without limitation interior plumbing, heating, air conditioning, ventilation, electrical, interior walls, ceilings, floors, windows and doors in good order, repair and working condition.

Agreed. As this is a single tenant facility and there will be no common area or management fees changed to the Tenant, the Tenant is also responsible for exterior maintenance and upkeep.

OPERATING EXPENSES AND ADDITIONAL COSTS OVER BASE RENT - Please confirm current real estate taxes by locality and all other operating expenses. Tenant will be responsible for paying for all utilities used in their Premises.

Taxes \$0.28/SF/YR estimated. Tenant has right to appeal any new assessments.

Insurance \$0.10 SF/YR estimated. Tenant controlled expense.

Maintenance \$0.10 SF/YR estimated. Tenant controlled expense.

Confirm that Tenant shall be protected from any increase in real estate tax as a result of sale of the property.

We do not intend to sell the facility.

BROKERAGE COMMISSIONS – Landlord acknowledges that Tenant is represented by Binswanger (“Broker”). In the event a lease is executed between Landlord and Tenant, Landlord agrees to pay Broker a commission of 4% of the gross rent to be paid over the initial term of the Lease as well as any extensions or renewals. The commission shall be due at lease execution. 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 for the initial Term, 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 representation agreement at the time of said renewal/expansion.

MISCELLANEOUS – Tenant has the right to sublease the property with a sub-tenant approved by the landlord.
Agreed.

This lease is contingent on final binding approval of any incentive agreements by any incentive granting organization which has been offered to the Tenant for the location of its business at the Premises, including but not limited to, state and local government incentives.
Agreed.

Palltronics (Tenant):

Name: Bobby Moore

Title: CEO

Date: August 3, 2021

The Hollingsworth Companies (Landlord):

Name: _____

Title: _____

Date: _____

EXHIBIT A

Landlord Work

- 1) Finish out 8 dock doors with 40,000 lb manual pit levelers, dock seals, dock locks and LED dock swing arm lights.
- 2) Build 4,000 SF of main office with customary finishes. The office space should consist of: [List of spaces below accomodated with attached floor plan consisting of 3,640SF.](#)
 - a) Small lobby
 - b) One conference room to hold 12 people
 - c) 3 private offices
 - d) Break room to hold 30 people at one time to include a sink, lower cabinets for storage and countertops with 120V recepticles to hold 3 microwaves and 120V recepticles to plug in self serve vending such as www.market24-7.com or equivalent. Also need 2 or 3 120V plugs high on the wall for flat screen tv's. Location TBD.
 - e) Office restrooms
 - f) Plant restrooms facing towards the plant that meet code for the number of employees
 - g) IT room
 - h) Storage closets
 - i) Etc. (To be determined by an architect)
- 3) Combination small shipping office, small trucker lounge and single trucker restroom
- 4) Approximate 15' x 20' Maintenance Mgr office near the designated maintenance shop.
- 5) 4000A, 240/480V, 3 phase, 4 wire electrical switchgear panel with bollards or fenced protection [Please confirm this is required in this facility we understood to be a warehouse operation with no manufacturing. Pricing for this is included in the rent rate quoted.](#)
- 6) Covered, fenced, open air exterior shelter to house an air compressor with a concrete pad and power. [Please confirm this is required in this facility we understood to be a warehouse operation with no manufacturing. Pricing for this is included in the rent rate quoted.](#)
- 7) 6 4"Big Ass", or equivalent, large fans in the production area
- 8) 60 FC LED lights [30 FC LED provided as standard](#)
- 9) Paved and marked parking for 75+ vehicles [Based on shifts, 87 provided](#)
- 10) Paved and marked parking for 20+ trailers
- 11) Private driveway for 53' tractor trailers to drive from this premises next door to 288 Quality Drive [These two neighboring facilities are at the end of a cul-de-sac so any material handling between the two buildings could utilize the road with no additional expense.](#)

EXHIBIT B – SITE PLAN

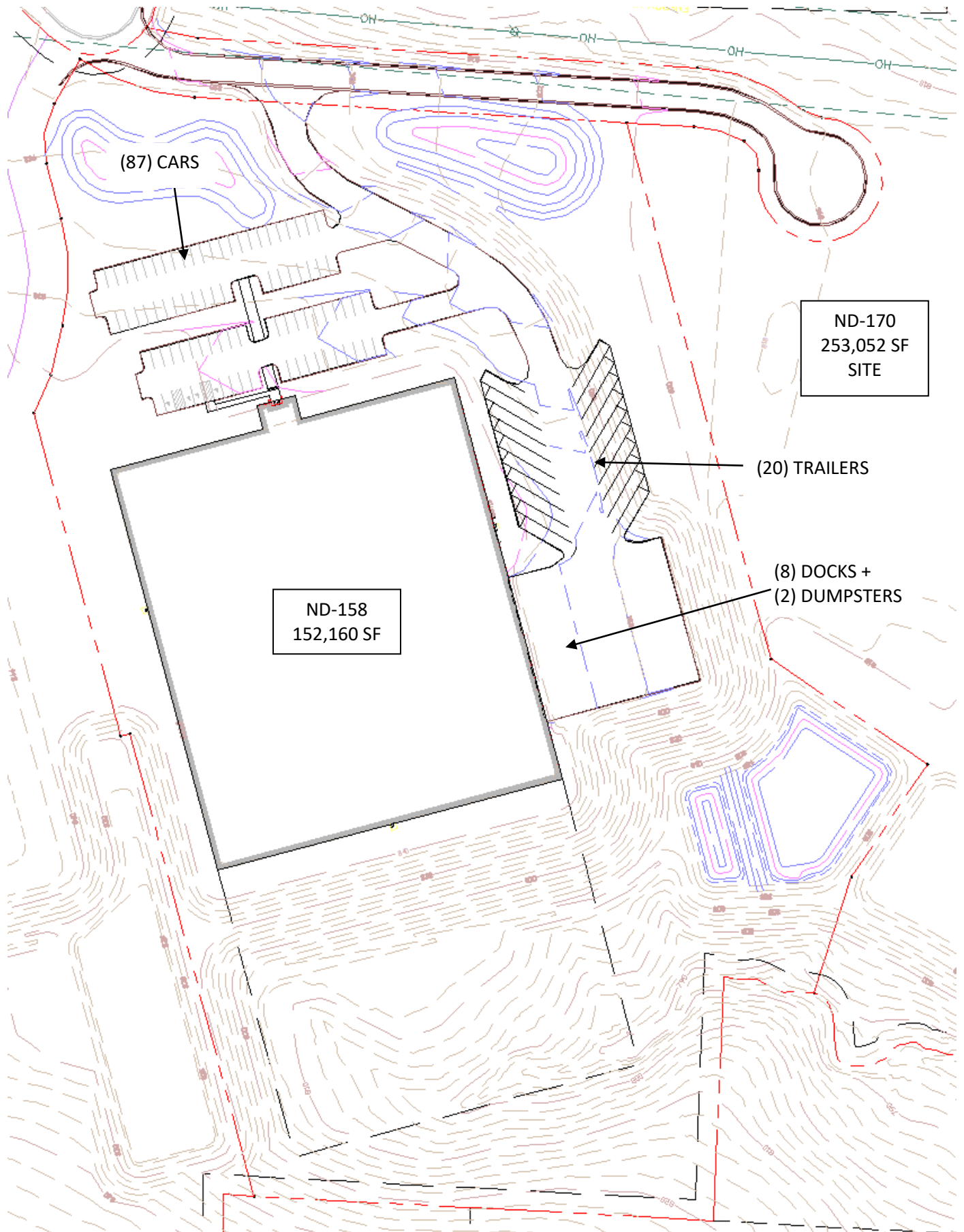


EXHIBIT C – FLOOR PLAN

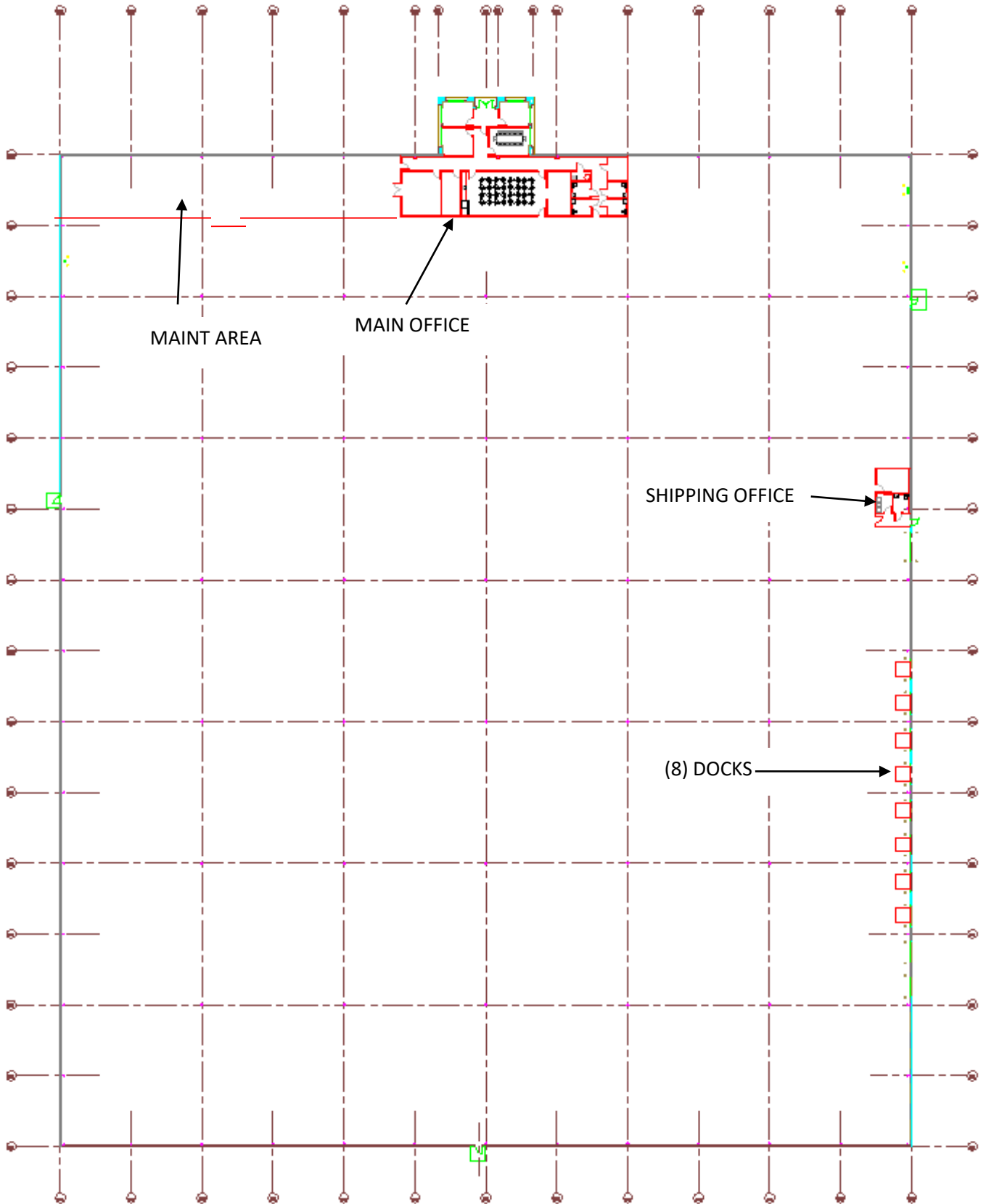


EXHIBIT D – OFFICE PLANS

