

Jason Hetherington, SIOR  
Senior Vice President

CBRE, Inc.  
Advisory & Transaction Services



1802 Bayberry Court  
Suite 201  
Richmond, VA 23226-3773

+1 804 401 4002 Tel  
+1 804 401 4040 Fax  
+1 804 301 0599 Cell

jason.hetherington@cbre.com  
www.cbre.com

**December 9, 2021**

**RFI Reply to:**

**Jason Hetherington, SIOR, SVP  
CBRE Richmond, VA**

**TOM MANN  
SENIOR VICE PRESIDENT  
THE HOLLINGSWORTH COMPANIES  
TWO CENTRE PLAZA  
CLINTON, TENNESSEE 37716**

**RE: REQUEST FOR PROPOSAL – HAWTHORNE HYDROPONICS – 6055 QUALITY WAY PRINCE GEORGE, VA 23875**

Dear Tom,

On behalf of **Hawthorne Hydroponics** ("Tenant"), we are pleased to present the following Request for Proposal ("RFP") along with preliminary outline specifications and terms important to our client. Your property has been short-listed among several properties capable of accommodating this requirement.

Please address each item within the RFP and e-mail the undersigned with questions. Please answer each question after the prompt "**Landlord response**" in lieu of redlining or typing your own proposal. Your written response is requested on or before twelve (12) business days from receipt of this document.

<b>LOCATION:</b>	<b>Building Name: VP-163</b> <b>Address: 6055 Quality Way</b> <b>City, State, Zip: Prince George, VA 23875</b>
<b>BUILDING OWNERSHIP:</b>	Legal Ownership Entity: <b>Landlord response: Summit Properties Partnership</b>
<b>TENANT:</b>	Hawthorne Hydroponics LLC
<b>SPACE REQUIREMENT:</b>	Tenant requires approximately ±500,000 - 600,000 SF. <b>Landlord response: 650,250 SF, this is a single tenant facility.</b>
<b>OUTSIDE STORAGE:</b>	Tenant requires approximately 2 – 4 acres of outside storage for retailer ready palletized potting containers and soils. Please describe what could be provided to accommodate this need and include site plans if possible. <b>Landlord response: 6.5 acres are available, see attached site plan.</b>

<b>ZONING:</b>	<p>Please indicate the current zoning for this property and confirm if the outside storage requirement noted above is a permitted use.</p> <p><b>Landlord response:</b> M-1 Light Industrial, Outside storage is permitted if screened or otherwise not visible from the street.</p>
<b>USE:</b>	<p>Landlord will permit Tenant to operate its primary business within the facility which shall include general office, storage and distribution of lawn and garden as well as hydroponic growing products. Landlord shall warrant the zoning and building specifications.</p> <p><b>Landlord response:</b> Agreed.</p>
<b>TERM:</b>	<p>Please propose an initial five (5) year lease term.</p> <p><b>Landlord response:</b> This is a single tenant facility with a minimum 10-year lease commitment. A 15-year lease is also available if Hawthorne Hydroponics is interested.</p>
<b>LEASE COMMENCEMENT:</b>	<p>Sixty (60) days following occupancy. Tenant will require access to the building sixty (60) days in advance for set-up and installation of Tenant's fixtures. Please provide the Landlord's proposed construction schedule.</p> <p><b>Landlord response:</b> Facility is scheduled for completion February 1, 2022 which would be start of pre-Term occupancy. Rent commencement April 1, 2022.</p>
<b>BASE RENTAL RATE:</b>	<p>Please propose the rent rate on a net basis (economics are top priority) and include any escalations if applicable.</p> <p><b>Landlord response:</b> \$5.92 SF, NNN 10 Year, yearly CPI adjustment (3% minimum)</p>
<b>RENTAL ABATEMENT:</b>	<p>Please describe any signing inducements such as free or reduced rent, tax sharing, operating subsidies or other items are to be detailed including amount, commencement date, duration and other pertinent details.</p> <p><b>Landlord response:</b> Landlord will support Tenant with attaining local and state economic incentives as available. If Tenant chooses 15 Year Term, Landlord offers 3 months' rent abatement in addition to the 60 days pre-Term occupancy.</p>

**OPERATING EXPENSES,  
REAL ESTATE TAXES &  
INSURANCE:**

Repair and maintenance items to be carried out by the landlord with cost recovery via operating expenses are to include without limitation; landscaping & snow removal, parking lot, driveways and common areas. All controllable expenses shall be capped at 5%. Management fees shall not exceed 3% of net rent. Any tax abatements/subsidies are to be listed separately. Capital repairs and maintenance will be amortized over their useful life and Tenant will pay its proportionate share based on remaining lease term. Please provide a complete line item breakdown of all Operating Expenses as listed below:

**Landlord response:** This facility is a single tenant facility. Facility will be leased NNN with no management fees and no CAM. The Landlord will maintain the roof and structure, all other maintenance will be provided by the Tenant.

	2020 Actual \$/RSF	2021 Estimate \$/RSF
Taxes		\$0.35 SF/YR Estimated
Insurance		\$0.09 SF/YR Estimated
CAM		\$0.00
Mgmt. Fees		\$0.00
Other (please define)		\$0.00
<b>Total</b>	N/A	N/A

**LANDLORD'S WORK:**

Tenant requests the following items be delivered in turnkey condition at Landlord's sole cost and expense. See building specs attachment.

**Landlord response:** Items listed below will be provided at Landlord's cost, are included in the base rent and will be completed as a part of the base building. All other items requested will be listed and priced in TI Allowance section below. Landlord has also provided comments in the attached Outline Specifications to reflect the specifications of the constructed building which is nearing completion.

- Dock equipment for 80 docks (levelers, seals, restraints)
- LED Lighting
- 161 car parking spaces, space is available to add car parking.
- 177 trailer drops, space is available to add trailer drops.

**TENANT IMPROVEMENT ALLOWANCE:**

In addition to the Landlord’s Work outlined above, please indicate the TI Allowance the Landlord is willing to provide. Tenant shall have up to 24 months following Lease Commencement to use the Allowance, as well as the option to apply any unused Allowance towards additional rent abatement.

**Landlord response:** \$1,525,000 Tenant Improvement Allowance is offered. (dock packages, lighting, parking, ESFR fire suppression, are already included in the base rent rate)

The following items are not accounted for in the base lease rate. These items are menu priced below so Hawthorne Hydroponics can determine if they want to add these items based on the “Rent Rate Multiplier”. The Rent Rate Multiplier for this project is: \$0.019/SF/YR per \$75,000.

8,886 SQ FT Office Space (See Exhibits) (8% Overhead, 7% Profit to Contractor)	\$1,066,320	\$0.270/SF/YR
Tenant Project Management	\$175,000	\$0.044/SF/YR
Electrical Service Demand (add 1000 Amp)	\$121,000	\$0.031/SF/YR
Landscaping Allowance	\$75,000	\$0.019/SF/YR
Guard House/fence/gates Allowance	\$150,000	\$0.038/SF/YR
Monument Sign Allowance	\$25,000	\$0.006/SF/YR
Wall Sign Allowance	\$15,000	\$0.004/SF/YR
Security System Allowance	\$250,000	\$0.063/SF/YR
Paging System Allowance	\$30,000	\$0.008/SF/YR
2.5% Broker Commission included on base rent, estimated upcharge for 4% Broker Commission on base rent.	\$661,950	\$0.168/SF/YR
Base Tenant Improvement Allowance Credit		(\$0.386/SF/YR)
<b>Net TI Rent Adder Total</b>		<b>\$0.265/SF/YR</b>

**BASE BUILDING SPECS:**

Please confirm / verify the following:

**Landlord response:**

- State the Building Size and the Size of the Premises:
- State the Warehouse Clear Height:
- State the Type and Capacity of the Sprinkler System:
- State the Quantity and Sizes of Loading Doors:
- State the Type, Number and Capacity of the Dock Levelers:
- Describe the current warehouse lighting:
- State the number of existing charging stations:
- State the amount of power available to the premises:
- Provide Floor Load and Slab Thickness:
- State the data/telecom service available to the Leased Premises:
- Provide overview of site security, perimeter fence, guard house, etc.:

650,250 SF  
40’  
ESFR  
144: 9’ x 10’  
80 Kelley  
40,000# Hydraulic,  
Pit style levelers  
LED Lighting @ 30Fc  
None  
1600 Amp  
480/277V 3 Phase  
4000 Psi, 6” Helix  
micro-rebar  
Fiber Verizon, Rural-  
Band providers  
None

<b>PARKING:</b>	Please state the number of trailer parking spaces and car parking spaces. <b>Landlord response:</b> 177 trailer spaces, 161 car spaces
<b>PROFIT SHARING:</b>	If Landlord transfers the Premises at any time on or before that date that is eighteen (18) months after the Rent Commencement Date, then Tenant shall receive ten percent (10%) of the Consideration in excess of a 4.75% cap on Year 1 rent. <b>Landlord response:</b> Agreed
<b>PURCHASE OPTION:</b>	Tenant shall have a one-time option to purchase the Premises during the lease term or any Option Term at fair market value. An arbitration clause shall be included in the event Landlord and Tenant cannot agree to FMV. Additional details to be defined in the lease. <b>Landlord response:</b> Property is not for sale. No purchase option is available. Landlord offers a right of first refusal if a bona fide offer to purchase the property is received by the Landlord for sale. If Landlord chooses to accept the offered terms, Tenant will have a right to match those acceptable terms.
<b>OPTIONS TO RENEW:</b>	Tenant requests two (2), five (5) year options to renew at 95% of fair market rent including market concessions. Tenant shall require an arbitration clause to facilitate resolutions of disagreements regarding rental rates for renewal periods. <b>Landlord response:</b> Three (3), five (5) year options available at the same terms and conditions. Landlord agrees to pay additional Real Estate Leasing Commission for renewals at 50% of the rate agreed for the primary Term.
<b>EXPANSION OPTION:</b>	Tenant shall have first right of offer on any contiguous expansion space. <b>Landlord response:</b> Agreed, language to be discussed in the Lease. Site has planned building expansion of 291,600SF that could be built out as Tenant's business grows.
<b>SUBLEASE:</b>	Tenant shall have the right to sublease with Landlord's consent which shall not be unreasonably withheld. Tenant shall be allowed to assign the lease to a subsidiary or related party without prior written consent. <b>Landlord response:</b> Agreed, as long as tenant has bankable credit and the business complies with Federal, State, and County requirements, and Park Covenants. Tenant will remain financially responsible for the Tenant obligations in the Lease.

<p><b>LANDLORD'S MAINTENANCE AND REPAIR:</b></p>	<p>Landlord, at Landlord's expense, shall maintain repair, and replace as reasonably necessary to keep in good working order the following elements of the Building: structural components, roof, exterior walls, parking areas, driveways, alleys, landscaping, exterior lighting, fire sprinkler system, heating, ventilation, and air conditioning units serving the office portion of the Premises (the "HVAC Units"), exterior louvers or ventilation fans for typical warehouse air changes, heating and/or any evaporative cooler systems serving the warehouse portion of the Premises (the "Warehouse Systems"), and the below slab water and sewer lines, each excluding reasonable wear and tear, and damages caused by Tenant Parties which are not coverable by insurance. The HVAC Units and Warehouse Systems, if any, are collectively referred to as "Landlord's HVAC Obligations". In addition, if customary in the market where the Project is located, Landlord, at Landlord's expense, shall provide snow removal, and parking lot sweeping for the Project in a manner consistent with owners of similar buildings and projects in the market where the Building is located. The term "walls" as used in this paragraph shall not include windows, glass, doors, overhead doors, store fronts, dock doors and dock equipment.</p> <p><b>Landlord response:</b> This facility is offered as a single tenant, NNN lease. No management fees will be charged. Landlord is responsible for structural components and roof. All other maintenance items are the responsibility of the Tenant.</p>
<p><b>WARRANTY:</b></p>	<p>Landlord shall warrant the condition and operation of all systems during the initial lease term including HVAC, electrical, sprinkler, plumbing, dock doors, dock equipment and warehouse ventilation and heating.</p> <p><b>Landlord Response:</b> Warranty for items listed above is one (1) year, plus any longer manufacturers' warranties available for this new construction.</p>
<p><b>PERMITS:</b></p>	<p>Landlord shall be responsible for all occupancy permits which may be required by governmental authorities.</p> <p><b>Landlord response:</b> Agreed, unless Tenants activities prevent issuance of an occupancy permit.</p>
<p><b>HAZARDOUS MATERIALS:</b></p>	<p>Landlord will warrant that the premises are in compliance with any and all current environmental standards.</p> <p><b>Landlord response:</b> Agreed.</p>
<p><b>NON-DISTURBANCE:</b></p>	<p>Landlord shall provide a non-disturbance agreement acceptable in form and substance to Tenant from all ownership, mortgage and or subordination entities which have interest in the premises. Such agreement shall be delivered to Tenant as a contingency of occupancy.</p> <p><b>Landlord response:</b> Agreed.</p>
<p><b>SECURITY DEPOSIT:</b></p>	<p>Tenant shall not be required to provide a security deposit.</p> <p><b>Landlord response:</b> Landlord's standard is two months' rent deposit.</p>
<p><b>SIGNAGE &amp; GRAPHICS:</b></p>	<p>Tenant will have the right to signage on the building and such permission is to be noted in the lease. Landlord is to supply Tenant with all local regulations pertaining to signage to ensure zoning and regulatory compliance.</p> <p><b>Landlord response:</b> Agreed.</p>

<b>ADA COMPLIANCE:</b>	Landlord will certify that the structure and related premises are in compliance with the Americans with Disabilities Act (ADA) and will assume responsibility in the event that the building is found not to be in compliance during the lease term. Landlord will take prompt steps to remedy any such deficiencies at Landlord's sole cost. <b>Landlord response: Agreed.</b>
<b>SUSTAINABILITY:</b>	For the purpose of supporting ESG efforts, Landlord agrees to use commercially reasonable efforts to track and share information pertaining to utility and energy usage at the Premises. Tenant agrees to cooperate with Landlord in doing so. <b>Landlord response: This is a single Tenant facility and the utilities will be in the name of the Tenant.</b>
<b>AGENCY DISCLOSURE:</b>	CBRE exclusively represents Tenant in this transaction. In the event that a lease is completed, Landlord shall pay a market fee to CBRE pursuant to a separate agreement between the parties. <b>Landlord response: Agreed, 2.5% commission to be provided, additional fee up to 4% can be added to the rent based on acceptance from the Tenant.</b>
<b>NON-BINDING:</b>	This letter is intended to set forth certain business terms upon which a lease may be drafted and negotiated between the parties herein. This letter shall not be binding on the parties. Only a fully executed and properly delivered lease shall be binding on the parties herein. <b>Landlord response: Agreed. All offers made herein by Landlord will expire January 7, 2022 if no lease agreement is signed on or before that date. Building is subject to availability. The first company ready to sign an acceptable lease will be the one that gets the site.</b>

Please accompany your response with any available AutoCAD drawings, site and building plans or other materials which would be helpful in evaluating your proposal. Thank you in advance for your effort and please contact me with any questions.

Sincerely yours,



Jason Hetherington, SIOR



Brad Lowry

cc: Melanie Vodnick, Scotts  
Kari Aalberg, CBRE