| **ISSUE** | **DESCRIPTION** | **LANDLORD RESPONSE** | **Tenant Response**  **10.1.21** | **LANDLORD RESPONSE**  **10.14.21** |
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| **RFP OVERVIEW** | |  |  |  |
| **Tenant/Brokers:** | On behalf of Amazon.com Services LLC and its affiliates (“Tenant”), KBC Advisors, Inc. and Colliers International Virginia, LLC(“Brokers”) appreciate your interest in this Request for Proposal (“RFP”). | |  |  |
| **Confidentiality:** | Information associated with this project will be subject to the Nondisclosure Agreement executed by Landlord for the benefit of Amazon.com, Inc. and its affiliates, including Tenant. | |  |  |
| **Landlord:** | Provide name of Landlord entity and describe Landlord ownership and operations (for example, “Landlord entity ABC, LLC is an affiliate of XYZ Corp., a regional industrial developer.”) State by Amazon site code any previous leases between Landlord and Amazon. | Summit Investments II and Summit Investments V as tenants in common have contracted to purchase the Premises before the Lease Commencement and will be the Landlord. |  |  |
| **Counsel:** | Provide name and email for your attorney who will negotiate the lease. | Jamie Burns  [jburns@hollingsworthcos.com](mailto:jburns@hollingsworthcos.com) |  |  |
| **Property Manager:** | Provide name, email, and phone number for your property manager. | This facility is offered as a new, expandable, single-tenant, Absolute Net Lease. Landlord has limited responsibility for property maintenance. For the items Landlord is responsible, Landlord handles in-house for **no fee or reimbursement.** | Please review Exhibit A. Landlord and Tenant Obligations shall be handled per Exhibit A and per Tenant’s standard industrial lease agreement. | Agreed, as per comments in Lease draft.  Property Management contact:  Ms. Amanda Fritts  865.457.3701  [afritts@hollingsworthcos.com](mailto:afritts@hollingsworthcos.com) |
| **Lease Agreement:** | Confirm Landlord will utilize Tenant’s existing standard industrial lease agreement. | We are willing to start with the Amazon standard Lease form. Please forward for our confidential review. | Please see attached standard Lease Form for Landlord review. | Received, see Landlord’s comments in Lease draft. |
| **Key Dates:** | Space Available for Early Access: Please provide the earliest date based on construction schedule. | January 1, 2022 |  |  |
| Target Lease Execution: 60 – 90 Days | October 31, 2021, subject to availability. | Upon final agreement of RFP, Tenant shall work in good faith with Landlord to execute Lease in a timely fashion. Will call to discuss tenant process. | Landlord will work with Tenant in good faith. Landlord will continue to market property until a Lease without contingencies is signed. Property is subject to availability. |
| Target Delivery Date: Please provide the earliest based on construction schedule. | Tenant Improvements can be completed 120 days after plan approval which is anticipated to be 30 days after lease execution. |  | New Base Building will be available January 1, 2022 for Tenant’s 90 day rent abatement period for fixture installation and set-up. Tenant’s management of the Architectural and Engineering services will affect the final delivery date. |
| **BUILDING & PROPERTY INFORMATION** | |  |  |  |
| **Building, Premises, Tenant’s Proportionate Share:** | Building Address (and suite number, if applicable):  Has the address been verified by USPS?  Date of Construction:  Confirm the square footage of the Premises and the Building:  Confirm the clear height of the Building  APN or Tax Parcel ID for lot(s) for Building and any associated parking:  List Building’s/Premises’ percentage of Park:  List the jurisdictions that have permitting authority over the construction of improvements. | 6055 Quality Way  Prince George VA 23875  (Assigned by 911)  New building complete by December 31, 2021.  650,250 SF Expandable to  941,850 SF  Min. 40’ clear, 60’x60’ bays  340(22)00-010-0  39.5% Currently no CAM charged in the Park.  Prince George County, VA |  |  |
| **Utilities:** | Outline the existing power service to the Premises. Landlord will furnish the Premises with a minimum of 10,000 K VA of 480/277-volt, 3-phase power.  Confirm whether the Building is serviced by fiber.  Confirm whether the Premises has a transfer switch so that Tenant can install a generator.  Specify how Tenant’s share of utilities will be calculated (i.e., metered, pro rata based on square footage, or included in the rental rate). | Current electrical service is 1600Amps 480/277V 3 PH  Maximum of 1300 KVA  Additional services can be added if 10,000 KVA is needed.  Fiber is available at the street.  No, but one could be added as a Tenant improvement.  The new, expandable building is single tenant. It will be separately metered, and the account will be in the name of the Tenant. | Please provide cost to upgrade power to 10,000 KVA and timeline to complete.  Please provide contact for fiber provider.  Please provide cost and timeline to add a transfer switch.  Agreed. | Need formal specification to quote actual needs for Tenant, but we have assumed the following: add (3) new 480V-3PH 4000amp services into the building with (3) new additional 3000KVA transformers provided by the electric utility. One of these new 4000 amp services would be connected to an automatic transfer switch to connect to Tenant supplied emergency generator.  Cost Estimate: $993,094.99  Time Estimate: Gear Delivery 24 weeks after design approved + 4 weeks installation using our vendors. If Amazon has agreements for expedited delivery of electrical gear, we are happy to explore those options.  Scott Combs, VP of Sales and Marketing - scott@mbc-va.com  434-570-1318  Gray Ramsey, General Manager –  gray@mbc-va.com  434-570-1307  **Or as an alternate:**  Prince George Electric Coop also provides fiber data/telecom services. Contact:  Mr. Sarat Yellepeddi SYellepeddi@pgec.coop COO Ruralband  804-834-2424 x 1136  Included in Electrical upgrade pricing above. Pricing may need to be adjusted after specifications are confirmed. |
| **Parking and Loading:** | Attach a plan depicting how Landlord could provide a cross-dock configuration for 2 drive-in doors, 80 dock high doors with 400 trailer drops away from the existing dock doors and 275 automobile parking stalls. Outline how this would be imputed into the Base Rent calculation (i.e., outline as a separate line item).  Provide details for any additional property Landlord owns near the site that could be used for temporary or permanent parking. | See attached Site Plan.  Additional costs to be added to the base rent per the Upfit Adder Formula, or Tenant may choose to pay the cost in lump sum at occupancy.  The subject site has room to accommodate building expansion, additional parking, and trailer drops. | To be addressed further in Tenant Improvement Allowance section below. | (80) docks to be fit out with Amazon dock equipment specs. Remaining (64) dock door locations will have floor slab poured to the door. These (64) positions could be fit out later if needed.  Site includes 64.5 developable acres and can accommodate additional trailer drops, additional car parking and a building expansion above and beyond the improvements currently requested. |
| **DELIVERY & BUILDOUT** | | |  |  |
| **Base Building:** | Attach the specifications for the base building, which will be an exhibit to the lease.  At Landlord’s cost, Landlord will deliver possession of the Premises (including all parking areas, truck courts, etc.) to Tenant (a) broom clean and free of furniture/fixtures of prior occupant, (b) in good order and repair (including all existing building systems) and otherwise in accordance with the specifications provided by landlord, with all deferred maintenance cured], (c) in compliance with all applicable codes and regulations (including without limitation, the Americans with Disabilities Act (ADA), (d) with all utilities stubbed to or delivered to Premises, and (e) \_\_\_\_\_\_\_\_\_ completed. Tenant may perform a property condition assessment and require Landlord to cure any deficiencies revealed in such report at its cost.  Tenant will not be responsible for any costs incurred by Landlord to comply with ADA improvements made to the Premises, which may include, but are not limited to, restroom facilities, emergency strobe lights and horns, and building access except to the extent solely related to the construction of the Initial Improvements.  Landlord will not receive a construction management fee.  Outline the process for the selection of the general contractor and the fees proposed (including general conditions). | See the attached Scope of Work pages from the construction drawings.  a) Agreed  b) Agreed 1 year Warranty for a new building.  c) Agreed  d) Agreed  e) Undefined  Tenant and Landlord will complete an acceptance of Premises survey of the entire property and prepare a punch-list of any items Landlord must repair for Tenant to accept the Premises.  Agreed for all construction provided by Landlord.  Agreed.  Concept Developments, Inc. is Landlord’s General Contractor.  General Conditions 12%  Overhead 11%  Profit 5%  Tenant may hire its own GC if they prefer and still use the Upfit Adder formula to finance improvements. | Understood, Tenant Precon to address any GC Agreements/Fees in TI process. |  |
| **Construction of Initial Improvements and Lease Commencement:** | Confirm Landlord will use Tenant’s architect.  Lease Commencement will be the later of (i) Target Date (to be agreed upon prior to lease execution of final scope and turnover plan known, or if not, then part of setting construction schedule after lease execution), or (ii) Landlord’s substantial completion of all of the Initial Improvements and its delivery obligations outlined in this RFP including delivering all required occupancy permits except to the extent Tenant’s work prohibits Landlord from doing so.  Lease Commencement will be upon Landlord’s substantial completion of its delivery obligations outlined in this RFP including delivering all required occupancy permits except to the extent Tenant’s work prohibits Landlord from doing so. Rent Commencement will be 90 days after Lease Commencement.  Tenant will receive 1 day or other per diem amount of Base Rent credit for every day of delay in substantial completion of Landlord’s delivery obligations outlined in this RFP by 5/1/22 (the “Anticipated Commencement Date”), unless such delay has been caused by Tenant delay or force majeure delay (force majeure delays will be capped at 60 days). This credit will be applied on the front end of the lease without extending the lease expiration date.  Should Landlord fail to deliver the Premises with the delivery obligations outlined in this RFP completed within 30 days from the Anticipated Commencement Date, subject only to Tenant delay and force majeure delay (force majeure delay capped at 60 days), Tenant may terminate this lease.  Tenant and its vendors will have early access to the Premises upon lease execution for construction and fixturing purposes and for setting up the Building for operation. Tenant will not be required to pay Base Rent or Operating Expenses during this time period. | Landlord will agree to use Tenant’s Architect. If required to do so; Tenant will pay any additional architects’ fees, Landlord cannot guarantee delivery dates, and rent commencement shall be on a stipulated date.  Lease Commencement shall be the earlier date of either Tenant occupying the Premises or the issuance of a temporary Certificate of Occupancy for the Premises.  Rent Commencement shall be the same date as Lease Commencement as described above.  Landlord agrees to deliver Tenant improvements 120 days after final approval of construction plans by Tenant and the Locality.  Landlord will pay liquidated damages of $10,000/per calendar day if the above schedule is not met, subject to Force Majeure events out of the control of the Landlord. There is no limitation to the duration of Force Majeure.  Tenant may have access to the facility January 1, 2022. | To be further addressed.  Lease / Rent Commencement shall be as defined below.  Lease Commencement shall be the later of (i) temporary certificate of occupancy or (ii) completion of site work to accommodate Tenant Improvements of additional trailer parking, additional car parking and electrical upgrade.  Rent Commencement shall be 90 days after Lease Commencement. Tenant must build out space. Should Landlord be elected to build out space, Rent Commencement shall be upon Landlord delivery of final C of O.  Revised Anticipated Commencement Date to 5/1/22. Force Majeure capped at 90 days.  Force Majeure capped at 90 days. To be discussed further.  Subject to receipt of TCO. | Agreed, with stipulated Lease Commencement described below.  Lease / Rent Commencement to be addressed in Base Rent section below:  Lease / Rent Commencement to be addressed in Base Rent section below:  Lease / Rent Commencement to be addressed in Base Rent section below:  Lease / Rent Commencement to be addressed in Base Rent section below:  Agreed, except Tenant shall pay its operating expenses and utilities during its (90) day rent abatement period. |
| **Tenant Improvement Allowance:** | $10 per square foot. Please include any additional Tenant Improvement Allowance that Landlord is willing to capitalize. Any unused portion of the Tenant Improvement Allowance will be applied toward Base Rent, not to exceed 25% of total Base Rent in any month. | Landlord offers $1.00/SF in capitalized tenant improvements as a part of the Base Rent. Facility is essentially complete with the exception of offices. Facility currently has LED lighting, and dock package (142 locations) (30,000# pit style levelers, dock seals), 6 inch floors, ESFR fire suppression system. Any requested Tenant improvements above this amount to include additional car parking and trailer drops can be financed through the “Upfit Adder Formula” of $0.0175/SF/YR per $75,000 in cost. | $5.00 PSF Tenant Improvement Allowance to be applied toward office build-out, additional trailer parking, additional car parking, and electrical upgrades.  Any requested Tenant improvements above this amount shall be open book at 5.50% yield on cost over the term of the lease.  Please provide full specs to include manufacturers on pit levelers and dock seals. Tenant requires their own spec for these and will remove existing if they do not match. Landlord shall keep existing dock equipment and credit the cost of such into the Tenant Improvement Allowance. | Tenant Allowance to be addressed in Base Rent section below:  We require 8.0% IRR on our capital. Tenant improvements over the per SF Allowance financed by Landlord shall not exceed $3,500,000.  We have received Amazon specs for dock equipment and one of the approved vendors is the one we had contracted with to provide other equipment and they have agreed to upgrade the order to the Amazon approved dock equipment and keep our scheduled delivery dates. Costs of dock equipment to be applied to TI Allowance. |
| **Permit Contingency:** | Tenant will have the right to terminate the lease if it is unable to obtain all permits, variances and approvals needed for the construction of Initial Improvements and to operate in the Premises to Tenant’s satisfaction. Landlord will reasonably cooperate with Tenant to obtain any necessary permits or approvals. | If the Tenant manages this process, Landlord will continue to market the facility until such time as the plans are permitted by the Authority Having Jurisdiction.  If the Landlord manages the process, Landlord will agree to seek all permits and variances needed for uses that comply with the zoning of the property. Tenant agrees to cooperate with Landlord as needed to complete the required processes. Landlord will not market the facility if allowed to manage the permitting process. If Landlord cannot obtain the required permits and/or variances, Tenant will have the option to cancel the Lease. | Tenant will prefer to control the process and work closely with Landlord to do so. Tenant will request that Landlord not market the property while both sides are working in good faith to obtain permits in a timely manner.  To be further addressed with Tenant counsel in the Lease. | Tenant may manage the permitting process with a fixed Lease / Rent commencement date. Subject to Landlord’s ability to get a Temporary Certificate of Occupancy for the Tenant.  Lease / Rent Commencement to be addressed in Base Rent section below: |
| **LEASE TERMS** | | |  |  |
| **Permitted Use:** | Tenant may use the Premises for the purpose of receiving, storing, displaying, assembling, shipping, distributing, preparing, selling and serving as a pick-up location for products, materials, food, grocery, and liquor items; parking, storage and use (including driving into and through the Building for loading and unloading and parking inside of the Building) of automobiles, trucks, machinery, and trailers, including outdoor loading and unloading; printing; making products on demand; warehouse and office use; ancillary and related uses for any of the foregoing; and, so long as the named Tenant as of the date of the lease or any affiliate is the tenant, any other use in compliance with legal requirements.  Confirm Landlord has not received any notice of violations relating to the Premises. | None of the listed uses appear to be prohibited by the Zoning Ordinance or the Restrictive Covenants for the SouthPoint Business Park, except for Liquor Sales which in the Commonwealth of Virginia are a reserved privilege of the State.  Confirmed. |  |  |
| **Lease Term:** | 10 years  If the Lease Term is set to expire between October 1 and March 30, in the final year of the lease, the lease term will automatically extend through March 31 unless Tenant provides notice opting out of such extension. | Agreed.  Agreed. |  |  |
| **Base Rent:** | Propose your most aggressive rent structure.  In order to meet requested specifications, Landlord will be required to make site upfits for  additional car parking (115) and trailer drops (210), see site plan. Additional trailer drops are laid out to preserve the available expansion to 941,850 SF. To meet the 10,000 KVA requirement, we have included (3) new additional 3000 KVA transformers feeding (3) new additional 4000 amp 480/277V 3 Phase service entrances into the building, one of the three to include an automatic transfer switch to feed Tenant provided generator. | Absolute Net 10 Year Term  $ 5.61/SF/YR +  CPI (min. 3%) Annual Adj.  Landlord waives 2% Management Fee.  Plus  Upfit Rent Adder  $ 0.428/SF/ YR +  CPI (min. 3%) Annual Adj.  Quotes above based on a Rent Commencement Date of January 1, 2022 | $5.45 NNN / SF / Year  2.5% Annual Escalations  Plus  Upfit Rent Adder above $5 TI allowance  Open book at 5.95% yield on cost over term of the lease to add 115 car parking spots and 210 trailer drops.  Rent Commencement shall begin 90 days following Lease Commencement per above. | **Tenant to choose:**  $6.03 NNN / SF / Year +  5.3% Fixed Annual Escalations**\*\***  With **$5/SF TI allowance**  **OR**  $5.45 NNN / SF / Year +  5.3% Fixed Annual Escalations**\*\***  With **$1/SF TI allowance**  **\*\***Fixed Annual Escalation rate determined based on last 12 months of actual CPI increases. See attached supporting documentation.  Additional Paving, upgraded dock equipment, and upgraded power as estimated do not exceed the $5.00/SF TI Allowance. Remaining balance would be $582,710.27 for office improvements. Any cost over the allowance including office improvements or other real property improvements would be added by open book pricing financed at 8.0% interest for 10 year term. This would apply to work performed by Landlord’s GC or a GC selected by Tenant.  Landlord financing of additional improvements over and above the TI Allowance is capped at $3,500,000.  Lease Commencement & (90) day rent abated Occupancy to begin January 1, 2022.  Rent Commencement to be April 1, 2022.  Term Length 123 months.  Upfits to be completed 120 days after receipt from Tenant’s Architect and approval by Landlord. Upfits may be ongoing during Lease depending on receipt of Upfit designs from Tenant. In order to meet these delivery time frames Landlord suggests an indemnity agreement to pre-order dock equipment, electrical gear and begin expanded paving to beat the winter weather delays.  Landlord will commit to liquidated damages if upfits performed by Landlord are not completed within 120 days subject to maximum 90 days Force Majeure extension.  Or Tenant can have their Architect bid the work and hire a GC to do the work and Landlord will finance as described above. This would give Tenant complete control over the timing of improvements. Landlord would prefer to deploy its resources elsewhere if Tenant is willing to manage the entire upfit scope of work. |
| **Security Deposit:** | Tenant will not be required to pay a security deposit or advance/prepaid rent. Tenant’s parent company will provide a limited guaranty of Tenant’s payment obligations under the lease, capped at the then-outstanding Base Rent. | Landlord will agree to waive the damage deposit and Landlord will agree to Rent Acceleration for all rent in the event of default by Tenant, discounted by the Prime Rate from the end of the Term to the date of Default. | To be reviewed by Legal. Discussion item. | See Landlord’s comments in the Lease draft attached. |
| **Operating Expenses, Taxes, Insurance:** | Tenant will pay its Proportionate Share of the Building’s operating costs including property management fee, real estate taxes, real estate insurance, and common area maintenance. Tenant may audit these costs with an auditor of its choosing (including on contingency fee if such auditors are used by Tenant on a national or regional basis). If there is a discrepancy greater than 3% based upon the audit, Landlord will reimburse Tenant for the costs associated with the audit up to $10,000.  “Controllable Expenses” will be defined as all operating and common area expenses other than utilities, snow removal, taxes, insurance, capital repairs/replacements (amortized over useful life) and the property management fee. Controllable Expenses will not increase by more than 5% in any given year from the actual costs charged to Tenant the previous year, provided that Landlord may charge any excess in prior or subsequent years to the extent Operating Expenses do not reach the cap.  Landlord will also cap the property management fee at 1% of the Base Rent throughout the original term and any renewal terms. Landlord will be solely responsible for any rent or sales tax.  Tenant may elect to carry the property insurance coverage for the building.  Tenant may elect to self-insure, subject to the following requirements: (i) Tenant parent company having a tangible net worth of at least Three Hundred Million Dollars ($300,000,000); (ii) No bankruptcy of Tenant parent company having occurred; and (iii) Tenant Guarantor maintaining appropriate loss reserves as required by Legal Requirements.  Provide a detailed line-item estimate of Operating Expenses for the first 12 months of the Lease Term. | Tenant will pay RE Taxes, and insurance as a direct passthrough from the Landlord with no markup or management fee. As this is an Absolute Net Lease, Maintenance is a cost of the Tenant and controlled by the Tenant, therefore no auditing is required.  All controllable expenses are the responsibility of the Tenant to manage and control.  Landlord does not charge any management fees.  Agreed.  Agreed.  Estimated RE Taxes:  $0.35/SF/YR  Estimated Insurance  $0.09/SF/YR  Maintenance Estimated  $0.09/SF/YR  Controlled by Tenant  Landlord reserves roof and structural maintenance at no cost to Tenant through the entire Term. | Net lease structure per Standard Lease Form. Tenant shall maintain audit rights.  Not agreed. Per original RFP language.  Thank you.  Per Exhibit A. Please provide estimate.  Agreed and revised in Exhibit A. | Agreed, with comments below.  Agreed, with comments below.  As the Tenant has requested the Landlord to manage the maintenance of the Facility, a fee of 3% of rent will be charged.  See Estimates on Exhibit A |
| **Access:** | Tenant will have 24/7 access to and use of the Premises, common areas, and all amenities, including parking areas, loading docks, freight elevators, etc. All parking areas will be adequately lit for 24-hour use and will properly drain.  Landlord will not alter or modify the parking areas, truck courts, driveways or other common areas without Tenant’s prior consent. | Agreed.  Agreed. |  |  |
| **Refrigeration Equipment and Chillers or HVAC:** | Tenant may condition the Premises and install additional chillers, coolers, and other food handling equipment within the Premises, subject to Landlord’s reasonable approval pursuant to an alterations process. | Agreed. |  |  |
| **Generator:** | Tenant may install generator(s) in a mutually acceptable location, subject to applicable legal requirements. Tenant may test the generator(s) on a monthly basis. Tenant will remove the generator(s) at lease expiration. | Agreed. |  |  |
| **Other Equipment Installation Rights:** | Confirm we may install solar energy system on rooftop and/or parking areas and may install hydrogen or other fuel cells. | Roof is not structured for solar panels. Available turf areas may be used subject to local Zoning and Restrictive Covenants. Landlord has no objection to Fuel cells installed and operated in accordance with all State, Local, and Federal requirements. |  |  |
| **Lockers:** | Subject to Landlord’s approval of the plans and specifications related thereto, Tenant may install a delivery kiosk/locker in any common areas, the parking areas and adjacent to the Building at no additional cost to Tenant. | Agreed. If Tenant pays for equipment and installation, Landlord will not seek additional rent for the kiosks. |  |  |
| **Maintenance & Repairs:** | Confirm Landlord’s agreement with the allocation of maintenance responsibilities set forth in Exhibit A.  Pursuant to Exhibit A, Tenant will maintain, repair and replace the HVAC system(s) exclusively serving the Premises; provided, however, Tenant may elect not to perform any HVAC repair or replacement. Landlord may perform such repair or replacement and pass through the costs (amortized over the useful life) as part of Operating Expenses. Tenant will remove inoperable HVAC upon lease expiration.  For maintenance work that Landlord performs that is anticipated to cost in excess of $100,000 and is not subject to an existing service contract, Landlord, at Landlord’s sole cost and expense, will obtain at least 2 bids for such work and provide evidence of same to Tenant.  Tenant may elect to take over any recoverable Landlord maintenance obligation item: Additionally, upon 90 days’ notice, Tenant may self-manage the Premises, in which case the property management fee will be reduced by fifty percent (50%); further, Tenant will be responsible for any breakage costs.  Landlord will be responsible for repairing any latent defects throughout the first 10 years of the Lease Term, at its sole cost and expense. | Landlord retains the responsibility and cost for maintaining the Roof and structure throughout the Lease Term. All other maintenance responsibilities are Tenant’s responsibility and expense.  N/A - Absolute Net  N/A – Absolute Net  Tenant shall self-manage the Premises. The Landlord Property Management fee is 0.0%  Agreed. | Per Exhibit A with Roof modified as proposed.  Net Lease structure – per Lease.  Net Lease structure – per Lease. | Agreed, with comments below.  Agreed, with comments below. See Landlord’s comment in draft Lease Attached.  Agreed, with comments below. See Landlord’s comments in draft Lease attached.  As the Tenant has requested the Landlord to manage the maintenance of the Facility, a fee of 3% of rent will be charged. |
| **Interruption:** | If Landlord desires to do any work that would require an interruption of power or Tenant’s operation or access to the Premises, to all or part of the Premises, the following will apply: (1) no such interruption may occur from November 1 to January 15, or June 15 through July 31, (2) Landlord will give Tenant not less than 30 days’ advance written notice of such planned work, (3) such interruption may only occur during times reasonably approved by Tenant (and the parties agree it will be reasonable for Tenant to require that such work occur outside of normal business hours), (4) any such interruption may not be more than 4 hours in length, and Landlord will provide a source of back-up power, if required, for the Premises to allow Tenant to continue its normal business operations during such interruption (such costs may be included in Operating Expenses).  If there is a material interference with Tenant’s operations caused by Landlord’s actions or breach of the lease, Base Rent and Operating Expenses will begin abating on the 6th day of interference, and if it continues for longer than 180 days, Tenant may terminate. For utility/service interruption not within Landlord’s control, there will be no abatement, but Tenant may terminate if the interruption continues for more than 270 days. | Agreed.  Agreed, except if weather or Force Majeure prevents Landlord making repairs, the beginning of any abatements will be likewise delayed. Any such abatements will be rebated to Tenant and not set aside from normally scheduled rent payments. | To be further addressed with Tenant counsel in the Lease. | See Landlord’s comments in draft Lease attached. |
| **Termination Option:** | Tenant may terminate the lease at the end of the 3rd year of the Lease Term by delivering a termination fee equal to 6 months Base Rent. Tenant will provide Landlord no less than 6 months’ prior written notice and the termination fee will be due no later than the revised termination date. | This is not acceptable to the Landlord. Tenant has the right to sublet the Premises if Tenant’s business needs change. | Agreed. | Thank you. |
| **Renewal Options:** | Tenant will have 5 options to renew the Lease Term upon providing Landlord no less than 270 days’ prior written notice, each for a term of 5 years.  The rental rate for the renewal terms will be 95% of the then-current fair market rate for the Premises, taking into account all concessions offered in such other arm’s length new leases in the market (including, without limitation, free rent, tenant improvement allowances, leasing commissions, and moving allowances) but will be calculated without taking into account any improvements made by Tenant at its sole cost and expense. Landlord will send to Tenant Landlord’s estimate of the rental rate at least 12 months prior to the expiration of the then-current term. If Landlord and Tenant cannot agree upon a rate within 30 days following Tenant’s receipt of Landlord’s rental rate, then Tenant may exercise its extension option and refer the matter for resolution by baseball-style arbitration with each party equally sharing the costs thereof. | Agreed.  Renewals will continue the same Terms and Conditions as the Original Lease Term. No negotiation required. | Agreed for the first two (2) options. For the third, fourth and fifth renewal options, rental rate shall be Fair Market Value – no floor no cap. Fixed options shall exclude any capitalized or amortized dollars. | Agreed. Your Standard Lease terms describing how to determine Fair Market Value are well drafted and fair for both parties and quickly reaches a conclusion. |
| **Expansion Option:** | Outline the size, pricing and terms by which Tenant could expand the Premises over the Lease Term. | The building can be expanded to a total area of up to 941,850 SF. The Lease Term would restart upon the receipt of Certificate of Occupancy for the Addition. Due to market volatility, unknown timing, and unknown size we are unable to quote a price at this time. |  |  |
| **Right of First Offer, Right of First Refusal & Purchase Option:** | Right of First Offer: Tenant will have an ongoing right throughout the Lease Term to purchase the Building prior to Landlord marketing the Building or equity interest in the landlord entity, or if Landlord receives and agrees to an unsolicited offer to purchase from a 3rd party. Purchase price will be at the offered terms, whether solicited or unsolicited.  Right of First Refusal: If Landlord takes to the market, Tenant will have a right of first refusal at the offered terms agreed to with a 3rd party if the agreed upon purchase price is more than 5% of what was offered to Tenant in the right of first offer.  Tenant’s right of first offer does not apply to portfolio transactions with 3 or more properties where the Premises, together with any other buildings leased by Tenant or an affiliate, constitutes less than 50% of the value of the portfolio. | The building is not for sale. The Landlord entity will change but this does not constitute a sale for the First Right of Refusal purposes.  If Landlord subsequently decides to sell the facility, the Tenant will have the first right to match the terms of the agreement to sell for a period of 15 days from the date the offer is presented to Tenant.  N/A | Right of First Offer: Tenant will have an ongoing right throughout the Lease Term to purchase the Building prior to Landlord marketing the Building or equity interest in the landlord entity, or if Landlord receives and agrees to an unsolicited offer to purchase from a 3rd party. Purchase price will be at the offered terms, whether solicited or unsolicited.  Thank you – for clarity. Right of First Refusal: If Landlord takes to the market or receives an unsolicited offer, Tenant will have a right of first refusal, at the offered terms agreed to with a 3rd party. Tenant has fifteen (15) days to accept such offer.  Noted – Landlord does not intend to offer the Building for sale. | Agreed, with comments in attached Lease draft.  Agreed, with comments in attached Lease. |
| **Right to Assign or Sublease:** | Landlord will not unreasonably withhold, condition or delay its consent to a request for assignment or subletting. No consent will be required for an assignment or sublet to any subsidiary, affiliate, or related company, or to any third party doing business with Tenant or its affiliates, including vendors, consultants, contractors, service providers or joint venture partners. Tenant will be released upon a transfer to any such parties. Tenant will share 50/50 in all profit that may arise out of an assignment or sublease after deduction of reasonable costs. Any permitted sublease or assignment will not impact the terms of Tenant’s termination, renewal or other options. | Landlord allows subletting to affiliated parties and related entities. Tenant and Guarantor still remain responsible for the commitments of the Lease.  Landlord reserves the right to approve the credit and business use of any unrelated assignee. If Landlord agrees to an assignment and a release of the Tenant from the Lease obligations, no sharing of additional rent will be offered.  If Tenant subleases the facility they may keep 100%of any additional rent. | Agreed and to be fully addressed in Lease. | Agreed, with comments in attached Lease |
| **Non-Disturbance Agreements:** | Tenant will receive non-disturbance agreements from any present or future mortgagee or holders of other superior interests. | Agreed. |  |  |
| **Hazardous Materials:** | Landlord represents and warrants that the Premises and Building are free of mold, asbestos and other hazardous materials. Landlord will allow Tenant’s consultant to access the Premises for the purpose of conducting a Phase I environmental site assessment. Tenant, at its sole cost and expense, will be responsible for any remediation of hazardous materials released at the Premises by Tenant and will indemnify Landlord for any associated liability. Landlord, at its sole cost and expense, will be responsible for any other environmental issues and will indemnify Tenant for any associated liability. | Agreed. |  |  |
| **Signage:** | Subject to applicable legal requirements and at Tenant’s cost, Tenant may (1) place its standard graphics and signage at the entrance(s) to the Premises, on any monument sign(s) at the property and in prominent locations on the exterior of the Building that are reasonably approved by Landlord, and (2) install temporary and/or directional signage. | Agreed. |  |  |
| **Holdover Rental:** | Upon at least 9 months’ notice, Tenant may exercise an operational extension after the lease expiration for up to 6 months at the same terms and conditions as the primary lease or renewal period. After the 6th month, the holdover rate will be 125% of Base Rent until either party provides the other party with 30 days’ written notice to vacate the Premises. | Agreed. |  |  |
| **Surrender:** | Upon surrender, Tenant will have no obligation to remove the Initial Improvements, but Tenant will remove its personal property and restore any damage caused by such removal subject to reasonable wear and tear. | Agreed. |  |  |
| **Landlord’s Lien:** | Tenant will not accept a Landlord lien on any Tenant assets. | Agreed. |  |  |
| **Anti-Corruption:** | Landlord acknowledges Tenant’s Code of Business Conduct and Ethics posted at <http://phx.corporate-ir.net/phoenix.zhtml?c=97664&p=irol-govConduct> (the “Code”) prohibits the paying of bribes to anyone for any reason, whether in dealings with governments or the private sector. Landlord will not violate or knowingly permit anyone to violate the Code’s prohibition on bribery or any applicable anti-corruption laws in performing under this Lease. Landlord will maintain true, accurate and complete books and records concerning any payments made to another party by Landlord under this Lease, including on behalf of Tenant. Tenant and its designated representative may inspect Landlord’s books and records to verify such payments and for compliance with this Section. | Agreed. |  |  |
| **Labor Restrictions:** | Note any labor requirements or restrictions applicable to the property. | This is a privately owned industrial park with no organized labor presence. |  | We understand our initial response is acceptable. |
| **Alcohol License:** | Landlord does not hold a direct or material interest in any business that imports, manufactures or distributes alcoholic beverages. Landlord will not acquire a direct or material interest in any such business without notifying Tenant. | Agreed. |  |  |
| **State and Local Incentives:** | Note any programs currently or anticipated to be in place at the property (e.g., PILOT program).  Note any programs for which the property is eligible. | The Property is located in a Virginia Enterprise Zone and is available for fast-track Foreign Trade Zone Alternate Site Framework if there is any benefit to the Tenant of a Foreign Trade Zone designation. |  |  |
| **Broker Disclosure:** | Landlord acknowledges Brokers as Tenant’s brokerage representatives and will pay Brokers one (1) full commission subject to Broker’s currently established rates and conditions, a copy of which will be forwarded under separate cover. | Landlord acknowledges a separate agreement. |  |  |
| **Disclaimer:** | The submission of this RFP does not constitute an offer to lease. A lease will not be binding and in effect unless and until a lease document has been executed by both parties. Neither Tenant nor Brokers will have any liability for any expenses you incur in anticipation of the lease or in replying to this RFP unless they have been specifically authorized in writing by Tenant. Tenant reserves the right to reject any proposal it receives. Brokers are not authorized to execute any documents on behalf of Tenant. | Agreed. All offers by Landlord are automatically withdrawn if not accepted by October 24, 2021. Building is subject to availability. |  | Landlord will continue to market property until a Lease without contingencies is signed. Property is subject to availability. Offers will be honored through November 1, 2021. |

ATTACH THE FOLLOWING AS APPLICABLE:

|  |  |
| --- | --- |
| Site plan (depicting Premises and parking) |  |
| Tax/assessor parcel number(s) and legal description |  |
| Zoning code and building classification; zoning report |  |
| Title policy1. |  |
| Environmental reports2. |  |
| Lender contact info and SNDA; ground lessor contact info and ground lease3. |  |
| Scaled building drawings (in AutoCAD format) |  |
| Operating expense reports for the past 3 years | N/A |
| Building floor plan (including demarc location) |  |
| Survey |  |
|  |  |
|  |  |

1. Title commitment information is available if desired.
2. Phase I Environmental Report will be prepared at the end of construction. There are no known issues on this site we have owned for over 20 years, and we have during that 20 year period developed the surrounding 250 acres.
3. There is no ground Lessor or ground lease. Permanent financing is not in place.

EXHIBIT A

**MAINTENANCE OBLIGATIONS (SINGLE-TENANT)**

|  |  |  |  |
| --- | --- | --- | --- |
| **LANDLORD MAINTENANCE OBLIGATIONS – OPERATING EXPENSES (RECOVERABLE)** | | |  |
| **Item** | **Description of Service** | **Controllable[[1]](#footnote-1)** | **Estimated Annual** |
| **Catch basins (parking lot and drive aisles)** | Permits, regulatory compliance, maintenance, restoration | Yes | $5,000/YR |
| **Electrical system** | Maintenance, repair, and replacement of transformer, electrical switchgear, and other components of the electrical system located outside the Premises or subgrade | Yes | No costs expected |
| **Exterior paint** | Paint building exterior to mutually-agreeable color and design once every 10 years and touch up more frequently as needed to maintain a uniform aesthetic | Yes | $269,170/10 years charged reserve of $2,243/MTH |
| **Exterior pumps** | General maintenance and repair | Yes | $2,500/YR |
| **Fire sprinkler and fire protection systems** | Any capital repair/replacement of fire/life safety system installed as part of the Base Building Specifications (“Base F/LS System”), including any maintenance and capital repair/replacement of any fire water tank. Landlord to provide copies of maintenance, repair and replacement logs upon Tenant’s request. | Yes | $6,000/YR |
| **Ground irrigation** | Maintenance and replacement of system elements, as needed | Yes | None Installed N/A |
| **Gutters, scuppers, downspouts, and storm water systems** | Preventative maintenance and repair | Yes | $4,500/YR |
| **Parking lots and drive surfaces** | Preventative maintenance, restoration, sealing, striping | Yes | $32,500/YR |
| **Parking lot lighting** | Maintenance, repair and replacement | Yes | $6,500/YR |
| **Pest control** | Exterior only, as needed. Upon Tenant’s request, Landlord to provide Tenant with a copy of Landlord’s rodent and pest control plan (including chemicals used) and Tenant will have right to reasonably approve of same. | Yes | $8,800/YR |
| **Roof** | Annual inspections, leak repair, preventative maintenance, as needed to maintain warranty | Landlord shall maintain. | NO CHARGE |
| **Snow removal—roof only** | Snow and ice removal from roof, awnings, and overhangs, including drain clearing | No | No costs anticipated. \* |
| **Subgrade utility lines** | Maintenance, repair, and replacement of all subgrade utility lines, including sewer, plumbing, pumps, and lift stations, if any | Yes | $9,750/YR |
| **Swales and retention/detention ponds** | Permits, regulatory compliance, maintenance, restoration | Yes | $22,000/YR |
|  |  | Annual Subtotal | $124,467.00  ($0.19/SF) |

\*We have built and leased 1,465,589 SF of buildings in this Industrial Park over the last 23 years and have never experienced a snowfall so deep that snow removal from the roof was needed.

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| --- | --- | --- |
| **LANDLORD MAINTENANCE OBLIGATIONS – CAPITAL IMPROVEMENTS (NON-RECOVERABLE)** | | |
| **Item** | **Description of Service** | **Controllable** |
| **Exterior signage—Landlord installed** | Repair, replace, upgrade Landlord signage as needed to maintain professional aesthetic | N/A |
| **Landscaping (non-recurring service)** | Items exceeding general maintenance such as tree removal or trimming, replacement (including annual color replacement), re-grading, overhauling, etc. | Agreed |
| **Parking lot and drive surfaces** | Replace sections as needed based on useful life and performance requirements | Agreed |
| **Structure of building, including structural mezzanines and platforms** | Maintain, repair, and replace, as needed | Agreed, except for Tenant Personal Property |
| **Roof replacement and structural repair** | Repair and replacement of roof deck and structural components | Agreed |
| **Roof membrane and above-deck roof components** | Replacement | Agreed |
| **Slab and foundation** | Ensure integrity, conduct repair, including voids and cavities in soils and fill under slab and around foundation | Agreed |
| **Exterior walls and load-bearing walls** | Ensure integrity, conduct repair, and replace wall sections, as needed | Agreed |

|  |  |
| --- | --- |
| **TENANT MAINTENANCE OBLIGATIONS (after warranty period if applicable)** | |
| **Item** | **Description of Service** | |
| **All interior non-structural portions of the Premises** | Maintain, repair, and restore as needed | |
| **Backflow devices, if any** | Necessary testing, inspecting, maintenance, and permit management | |
| **Below-deck ceiling insulation (if equipped)** | Maintenance and replacement of insulation materials that are suspended just below the roof deck | |
| **Carpentry – Doors, cabinets, counters, etc.** | Maintenance and repair of doors and millwork | |
| **Dock doors and dock levelers** | General maintenance and repair | |
| **Electric service (after main feed, above slab)** | General maintenance and repair | |
| **Elevator (if equipped)** | General maintenance and repair | |
| **Energy and Communications Related Improvements** | General maintenance and repair | |
| **Exterior building lighting** | Maintenance and repair of exterior lighting affixed to building | |
| **Exterior curbs and bollards** | Maintenance and repair | |
| **Exterior fencing** | Maintain gates and fences around Premises | |
| **Exterior glazing** | Repair broken and/or damaged glass and seals | |
| **Exterior signage—Tenant installed** | Maintain and update Tenant-installed signage as needed | |
| **Fire sprinkler and fire protection systems** | Inspections, testing, compliance, and maintenance of (1) those portions of the Base F/LS System that are on the Premises, and (2) any Tenant-installed supplemental fire/life safety systems, as well as any capital repairs and replacements of (2) | |
| **Fire protection system monitoring** | Monitoring of all applicable portions of fire protection systems and fire water supply | |
| **Fixtures** | General maintenance and repair | |
| **Generator** | Maintenance, testing, inspections, permits | |
| **HVAC** | Maintenance, repair and replacement of HVAC Systems exclusively serving Premises in accordance with manufacturer’s recommended standards, but subject to warranty period in Section 10(a) of the Lease. May elect not to repair/replace inoperable HVAC units but subject to removal requirements under Section 21(a). | |
| **Interior lighting** | Maintenance, repair, and replacement of bulbs and ballasts | |
| **Interior/exterior pest control** | As needed | |
| **Interior sump pump or lift stations** | General maintenance and repair | |
| **Interior walls and floor coverings** | Maintenance, repair, and replacement of walls and flooring surfaces (non-structural) | |
| **Janitorial** | Janitorial services, if desired | |
| **Kitchen appliances** | General maintenance and repair | |
| **Landscaping (recurring services)** | Recurring services for landscape maintenance, including mowing, fertilizing, leaf removal, pruning | |
| **Parking lot sweeping** | Maintenance sweeping for debris removal | |
| **Plumbing – Above slab** | General maintenance and repair | |
| **Snow removal – grounds and parking lots** | Remove snow and/or treat ice | |
| **Suspended ceilings and hard lid ceilings** | General maintenance, repair and replacement | |
| **Trash and recycling** | As needed | |
| **Window washing** | Washing of exterior and interior | |

Text

Description automatically generated with medium confidenceEXHIBIT C

Tenant’s Preliminary Scope of Initial Improvements

Graphical user interface, application

Description automatically generated

DRIVE-THRU RAMPS EACH SIDE

ADDED 115 PARKING SPACES TO A TOTAL OF 275

PHASE II

EXPANSION AVAILABLE UP TO

941,850 SF

ADDED NET OF 225 TRAILER DROPS TO A TOTAL OF 400 USING UNNEEDED DOCK POSITIONS

PHASE I

650,250 SF

EST. COMPLETION 12/31/21

(80) CROSS-DOCK DOORS, (40) EACH SIDE

1. Cost part of Controllable Operating Expenses unless capital repair or replacement (subject to amortization requirements as further described in Section 6 and **Base Rent and Operating Expense Exclusions, Addendum 1** of the Lease). [↑](#footnote-ref-1)