August 26, 2022 Landlord Response 08-30-22

**Tenant Response: 9/7/2022**

**Landlord Response: 9/9/22**

Tom Mann

SVP of Industrial Real Estate

Two Centre Plaza

Clinton, TN 37716

SENT VIA EMAIL: tmann@hollingsworthcos.com

# RE: Letter of Intent to lease 6162 Quality Way, Prince George, VA 23875

Dear Tom:

I am pleased to submit this Letter of Intent (“LOI”) on behalf of Worldwide Retail Solutions, Inc. (“Tenant”).

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|  | **DESCRIPTION** | **LANDLORD’S RESPONSE/TENANT/LANDLORD** |
| **TENANT:** | Worldwide Retail Solutions, Inc. | Tenant entity financials have been approved after review of financials. Personal guarantees are required.  |
| **LANDLORD:** | Please provide information on Landlord entity and ownership structure. | Summit Properties Partnership is a Tennessee general partnership. Joe A. Hollingsworth, Jr. is Managing Partner and 98% owner. |
| **PROPERTY:** | 6162 Quality WayPrince George, VA 23875 | Agreed. |
| **LEASED PREMISES:** | 194,880 SF on 20.47 Acres with 5,528 SF of existing office space. | Agreed. |
| **LEASE COMMENCEMENT:** | October 1, 2022. Landlord shall permit Tenant to have early access to the Premises upon a fully executed Lease for the purposes of installing Furniture, Fixtures and Equipment, as well as building up inventory. | Agreed. |
| **RENT COMMENCEMENT:** | Four (4) months following the Lease Commencement Date.  | ~~Two (2)~~ **Three (3)** months after Lease Commencement. **Agreed.** |
| **LEASE TERM:** | Please provide seven (7) and ten (10) year options. | BASE RENT: Seven (7) Year Term – Single Tenant NNN~~$6.84/SF/YR + CPI annual Rate increase (min.3%)~~ **~~$6.35/SF, NNN, with 3.5% annual Base Rent increases.~~** **$6.65/SF/YR + CPI annual rate increase (min. 2.5%)** |
| **RENEWAL OPTION:** | Two (2), five (5) year options. | Three (3) five (5) year renewal options **continuing the same terms and conditions as the primary lease Term.** **~~at Fair Market Value.~~**  |
| **BASE RENTAL RATE:** | $6.00/SF, NNN. | See Lease Term section above. |
| **RENT ABATEMENT** | Rent and NNN’s to be abated between Lease Commencement and Rent Commencement. Tenant to pay utilities during this period. | Rent only to be abated between Lease Commencement and Rent Commencement.  |
| **OPERATING EXPENSES:** | $ /SF (estimated). | This is a Single-Tenant triple net lease. Tenant is responsible for all maintenance, insurance, and property taxes. Except Landlord maintains the roof at no cost to Tenant for the life of the Lease, and all building systems carry a 1-year warranty from the Landlord.ESTIMATED TRIPLE NET EXPENSESTaxes $0.53/SF/YR (payable semi-annually)\*Insurance $0.07/SF/YR (Tenant provided)Maintenance $0.11/SF/YR (Tenant provided)\*Completed building has not been re-assessed, taxes estimated from similar facilities in the SouthPoint Business Park – Virginia. |
| **LANDLORD MAINTENANCE:** | Landlord shall be solely responsible for maintaining the roof, foundation, walls, driveways, parking areas, sprinkler systems, and all capital repairs and replacements to any structural, mechanical, electrical, and plumbing **up to the point of connection** in the building during the term. | ~~This offer is for a triple net lease. Landlord maintains roofing only throughout the Lease Term at no cost to the Tenant.~~ ~~All other maintenance~~ **~~aside from the aforementioned Landlord responsibilities~~** ~~during the Term is a Tenant responsibility.~~ **Landlord will maintain roof, foundations, structure (not to include exterior wall enclosure and finishes), and underground utility service entries up to the point of entry into the building at Landlord’s sole expense. Tenant is responsible for the remainder.**  |
| **BASE RENTAL ANNUAL INCREASE:** | Three percent (3%) | See Lease Term section above. |
| **TENANT IMPROVEMENTS:** | Landlord will make the Improvements based on Tenant’s requirements on a turnkey basis, per a mutually agreed upon set of construction plans. The turnkey Improvements shall include all hard costs (i.e., material and labor) and soft costs (i.e., space planning, construction/mechanical drawings, permitting, testing and other related costs).  | ~~Landlord will finance Tenant improvements to be designed, permitted, and constructed by Tenant (except for items specifically listed as included in Base Rent below). Fee for Landlord financing of the Tenant Improvements shall be paid as additional rent, under the same terms and conditions as Base Rent. Tenant may elect to pay for improvements directly to the contractors they choose, or Landlord will finance and charge additional rent for the Tenant Improvements at the actual cost to Tenant using the formula:~~~~Additional Rent $0.049/SF/YR per each $50,000 of cost to Tenant up to a maximum of $200,000 cost. (Maximum additional rent $0.196/SF/YR NNN if Tenant chooses to use Landlord financing.)~~ **Agreed. Upfits will be completed as quickly as possible once a Lease is fully executed but rent commencement shall not be dependent on completion of upfits as described below.** |
|  | * All existing mechanical, electrical and plumbing systems to be delivered in good working order. Any warranties for repair, maintenance or replacement of any mechanical, electrical and plumbing systems shall be to the benefit of Tenant.
 | Landlord will provide 1-year warranty on all systems in the building and improvements on the site, except normal maintenance (i.e. lawn mowing, snow removal, etc.). Any longer manufacturers warranties will be assigned to Tenant for the Term of the Lease. This is included in the Base Rent. |
|  | * Landlord to install remaining four (4) hydraulic dock levelers.
 | Agreed. This is included in the base rent. |
|  | * Landlord to install windows on all offices that face the warehouse, to include the shipping and receiving office.
 | Estimated cost of eight (8) KD frame hollow metal window frames, 4’x4’ size each = $8,800.00 **to be provided by Landlord on a turnkey basis. Tenant shall work around Landlord and its contractors. Agreed.** |
|  | * Landlord to install ten (10) forklift charging stations at an agreeable location to be determined between Landlord and Tenant.
 | Estimated cost to run ten (10) circuits to disconnects 480V- 40 amps each, plus epoxy coating floor area 100’x15’ adjacent to electrical Panel HB = $59,040.00 **to be provided by Landlord on a turnkey basis. Tenant shall work around Landlord and its contractors. Agreed.** |
|  | * ~~Landlord to pave truck court for additional trailer drops per Exhibit A.~~
 | ~~Estimated cost for 1,500 SQ YD of heavy-duty asphalt pavement with associated grading and sediment control =$101,702.50~~ **Agreed.** |
|  | Tenant shall have the right to make future improvements to the space at its own cost and expense so long as it receives prior written approval from the Landlord, which shall not be unreasonably withheld, conditioned or delayed. | Tenant will hire licensed professionals to design and permit the improvements and submit drawings to Landlord for approval. Tenant will be responsible to pay for the future improvements.  |
| **PARKING:** | Tenant shall have the right to all car parking & trailer parking spaces surrounding the Premises. | This is a single Tenant facility. Tenant has exclusive rights to all paving on site**, including unpaved area should Tenant desire a graded and paved area for parking or trailer storage. Tenant shall get Landlord’s prior written approval of the scope of work for any potential future property improvements prior to any work commencing. Agreed.** |
| **SUBLETTING AND ASSIGNMENT:** | Tenant shall be permitted to sublet all or part of the Premises with Landlord’s written consent, not to be unreasonably withheld, conditioned or delayed, and shall be deemed given if Landlord has not given notice of its objection in reasonable detail within ten (10) days after Tenant’s request. Tenant shall have the right without Landlord’s consent to sublet or assign the lease to related entities, that is, entities controlled by, controlling or under common control with Tenant and shall include entities into which Tenant is merged or consolidated or to an entity to which a substantial portion of Tenant’s assets are transferred.  | Agreed, so long as Tenant and Guarantor remain financially responsible for the obligations of the Lease and is not in default at the time of the assignment. Lessor must approve all subletting and assignments, which will not be unreasonably conditioned, withheld, or delayed. |
| **LOADING:** | Sixteen (16) 9’ x 10’ loading doors with levelers, seals, and dock seals, one (1) drive thru 12’ x 14’ door. The building has twelve (12) existing 30,000# levelers and Landlord will remaining four (4) hydraulic levelers upon receipt but no later than December 31, 2022. | Agreed, Landlord will complete the four remaining levelers when they arrive (scheduled middle of September) for a total of sixteen docks equipped with levelers and seals. Landlord has everything prepared for a quick installation of the remaining levelers when they arrive, but Landlord cannot guarantee delivery of all units as promised by supplier. |
| **BROKERAGE REPRESENTATION:** | JLL, as Tenant’s exclusive representative, will be paid a four percent (4%) real estate commission inclusive of the total base rent paid over the entire lease term which shall be finalized per a separate written agreement. All commissions shall be paid by the Landlord 50% upon the Lease Execution and 50% upon Rent Commencement. | Landlord agrees to pay a commission as per a separate agreement between Landlord and Tenant’s broker. No listing broker cooperation is required by Tenant’s broker. Landlord agrees to the payment schedule described. |

Best regards,

Chris Avellana, JLL

Cc: Zvi Hiesiger, Worldwide Retail Solutions Jose Tellez, Worldwide Retail Solutions

**Acknowledged and agreed:**

**Landlord: Summit Properties Partnership**

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Signature

Joe A. Hollingsworth, Jr. Managing Partner

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Date

**Tenant: Worldwide Retail Solutions, Inc.**

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Signature

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Date