**ADDENDUM NO. 1**

Lease Rate, Annual Increase, Renewals and Right of First Refusal

This Addendum No. 1 (“**Addendum**”) is made and entered into effective as of the \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2020, as an addendum to the Standard Commercial/Industrial Building Lease dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2020 (the “**Lease**”), between Hollingsworth Investments XI, a Tennessee general partnership (“**Lessor**”), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [corp/LLC/general partnership] (“**Lessee**”), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [corp/LLC/general partnership] (“**Guarantor**”), for a 108,960 square foot building located at 212 Quality Drive, Mocksville, NC 27028, being 14.651 +/- acres in the SouthPoint Industrial Park (collectively, the building and land shall be referred to as the “**Premises**”).

WITNESSETH:

WHEREAS, Lessor and Lessee entered into the Lease as stated above. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Lease; and

WHEREAS, Guarantor has read, understands and approves the changes made to the Lease herein and executes this Addendum to acknowledge his, her or its agreement that the changes herein will not change or limit his, her or its guaranty of the Lease; and

WHEREAS, Lessee and Lessor desire to further amend the Lease as provided herein.

NOW, THEREFORE, in consideration of the terms, conditions and mutual promises contained herein, and in the Lease, as amended hereby, the parties hereto agree as follows:

1. **EARLY OCCUPANCY FOR FREE**

Prior to completion of the Building Change Requirements (defined herein) and upon the Lease and Addendum being fully executed, appropriate damage deposit received, Lessee has provided proof that the utilities have been transferred, proof insurance has been secured with a copy of the insurance policy and certificate of insurance naming Lessor as additional insured, the Lessee may occupy the facility pre-term rent free for five (5) months (“**Early Occupancy**”) beginning September 1, 2020. Accordingly, the rent for the months of September, October, November, December and January will be free. Prior to Early Occupancy, the parties will walk through the facility together and once the inspection is completed, the parties will execute an Acceptance of Premises and Acknowledgment of Lease Commencement notice. During Early Occupancy, the Lessee shall be subject to all of the terms and conditions of the Lease.

1. **LEASE RATE**

Annual Triple Net Lease Rate is as follows:

First Year Rate: $4.37/square foot/year commencing February 1, 2021 (the Lease Commencement Date as further defined in the Lease). Upon the first anniversary date of the Lease Commencement Date, and for all consecutive anniversaries thereafter, the lease rental rate will be adjusted each year by the annual percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) published closest to the anniversary of the Lease Commencement Date, but not less than two percent (2%).

1. **BUILDING CHANGE REQUIREMENTS**

The Lessor shall provide and construct tenant required changes to the Premises consisting of approximately 3,000 SF of Offices, Restrooms to support 70 employees, ten (10) trailer drop spaces, five (5) 30,000 lb. pit levelers installed with dock seals, thirty-eight (38) additional parking spaces, and built in accordance with the specifications established in the Standard Commercial Office Specifications attached to the Lease as **Exhibit C** (collectively, the “**Lessor’s Upfits**”). The Overall Floor Plan and Office Plan sketches attached to the Lease as **Exhibit D** provide further details regarding the location and scope of Building Change Requirements. Lessor shall (i) obtain and provide detailed construction drawings, (ii) seek and obtain all buildings permits to complete the Building Change Requirements; and (iii) pursue construction in a good and workmanlike manner in compliance with all applicable laws, codes, and regulations. Lessor shall substantially complete the Building Change Requirements by November 15, 2020.

Lessor shall provide preliminary space planning alternatives. Specifically, Lessor shall provide Lessee with one (1) test fit and up to two (2) revisions. Lessee further agrees to return comments or approvals within 48 hours of receipt of plans.

**[ ]** 1. Lessee may elect to have Lessor add the cost of the Building Change Requirements to the Lease at $0.79/SF/YR added to the Lease Rate with the same Lease Rate annual adjustment. Payments beginning at Lease Commencement Date; or

**[ ]** 2. Lessee may elect to pay Lessor a lump sum payment within thirty (30) days of the receipt of a Certificate of Occupancy in the amount of $883,600.00 for Lessor’s construction of the Building Change Requirements; or

**[ ]**  3. Lessee may elect to have a third party construct the Building Change Requirements with Lessee paying all related expenses. Lessor will review and approve plans before construction begins. Lessors approval shall not be unnecessarily conditioned or delayed.

Lessee shall pay monthly rent in option 1 above during the term of the Lease in addition to and in accordance with Section 2 above, at the time and place described in the Lease. All other amounts required to be paid by Lessee under this Lease shall be considered to be additional rent and shall be payable as provided in the Lease.

Premises to be delivered where-is, “As Is, Where Is,” except for Lessor’s Warranties as described in Section 9, and for Building Change Requirements work provided by Lessor which work shall be warranted for one (1) year from the date of completion.

1. **RENEWALS FOR THE PREMISES**

Lessor hereby grants to Lessee three (3) successive five (5) year renewals under the same terms and conditions as the Lease.

1. **FIRST RIGHT OF REFUSAL**

Lessor grants to Lessee a first right of refusal to purchase the Premises, during the Term and any renewals of this Addendum. If Lessor shall desire to sell the Premises (subject to the terms of this Addendum), and receives a bona fide offer to purchase, Lessor shall give Lessee written notice of Lessor’s intention to sell Lessor’s interest in the Premises as contained in said offer to purchase. Such notice (“**Lessor’s Notice**”) shall state the terms and conditions under which Lessor intends to sell its interest. For thirty (30) calendar days (the “**Option Period**”) following the issuance of such notice, Lessee shall have the option to purchase the Lessor’s interest in the Premises at the same price and under the same terms as stated in the Lessor’s Notice (the “**Option**”). A written notice addressed to Lessor and signed by Lessee within the Option Period for exercising the Option, submitted with a check payable to the order of Lessor in the amount matching the terms and conditions of the offer to purchase (the “**Earnest Money**”) which shall be an effective exercise of Lessee’s Option under this Addendum.

If Lessee fails to exercise the Option within the Option Period, the Option shall become null and void. If the Lessee elects to exercise the above Option, Lessee shall close the purchase within sixty (60) calendar days after said notification to Lessor.

1. **TERMINATION OPTION**

Lessee agrees to pay rent as agreed herein at least through month eighty-four (84) of the Lease. Lessee has the option to give Lessor notice when rent is due for month seventy-eight (78) of the Lease that Lessee would like to terminate the Lease at the end of month 84. Lessee shall when delivering such notice to accept the early termination option in addition to the normal rent payment for month 78, make a payment equal to twelve (12) times the month 78 rent. Lessee shall continue normal rent payments through month 84. At the end of month 84 the lease shall then be terminated, and no further monthly rent payments will be due.

1. **ASSIGNMENT/SUBLETTING**

Paragraph 14 of the Lease is hereby amended to allow Lessee to sublease any portion of the Premises or assign the Lease to any other entity under Lessee’s control without the prior consent of Lessor. Lessee shall also have the right to assign the Lease or sublease any portion of the Premises to a third-party by obtaining the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed. Lessor shall have no right of recapture. Notwithstanding the foregoing, the Lessee and Guarantor shall remain responsible for the requirements under the Lease.

1. **DEFAULT/HOLDOVER**

Paragraph 15(3) of the Lease is hereby amended to allow Lessee the right to hold over for a period of six (6) months following the expiration of the Term at 125% of the last month’s Lease Rate. All other terms and conditions remain the same.

1. **WARRANTIES**

Lessor shall assign to Lessee all third-party contractor’s manufacturers and equipment warranties which Lessor has obtained in connection with the Premises or shall have them issued directly to the Lessee by the manufacturers. During the term of the Lease, warranty of the roof shall remain with Lessor. Upon any termination of the Lease, all warranties assigned, issued or delivered to Lessee shall be assigned, reassigned or delivered to Lessor. The assignments, reassignments or redelivery shall be deemed to occur automatically with the termination of the Lease, without the need for further documentation; however, Lessee agrees to execute and deliver the appropriate documents necessary and appropriate to do so upon any termination upon request.

Lessor guarantees to Lessee the Building Change Requirements work against defective design, workmanship and materials, latent or otherwise, for a period of one (1) year from the Lease Commencement Date (the “**Warranty Period**”), if work is performed by Lessor.

1. **QUIET ENJOYMENT**

Lessor covenants that Lessee, upon paying when due the Rent and additional rent herein provided for and observing and keeping all provisions of this Lease on its part to be observed and kept, shall quietly have and enjoy the Premises during the term of this Lease, without hindrance or molestation by anyone claiming by, through or under Lessor, subject, however, to the exceptions, reservations, and provisions of this Lease.

1. **LANDLORD LIEN WAIVERS**

The Lessor shall execute, at Lessee’s request, one or more Landlord Lien Waiver forms in favor of Lessee’s lenders in a form reasonably acceptable to such lenders and acceptable to Lessor and Lessor's lender**.**

1. **SUBORDINATION, NON-DISTURBANCE & ATTORNMENT**

The Mortgagees Rights and Financial Info provision of this Lease are conditioned upon the delivery to Lessee by Lessor’s lender of an executed Subordination, Non Disturbance Attornment Agreement in a form reasonably acceptable to Lessee and consistent with prior practices. Lessor represents and warrants to Lessee that as of the date of this Lease, that the Premises are not subject to any liens of any type or nature except by a Deed of Trust.

1. **AUTHORIZATIONS**

Lessor represents and warrants that: (a) Lessor has taken all actions required by law, its governing documents or otherwise to authorize the execution, delivery and performance of this Addendum; and (b) this Addendum has been duly executed and delivered by a duly authorized officer of Lessor.

Lessee represents and warrants that: (a) Lessee has taken all actions required by law, its governing documents or otherwise to authorize the execution, delivery and performance of this Addendum; and (b) this Addendum has been duly executed and delivered by a duly authorized officer of Lessee.

If Guarantor is not an individual, then Guarantor represents and warrants that: (a) Guarantor has taken all actions required by law, its governing documents or otherwise to authorize the execution, delivery and performance of this Addendum; and (b) this Addendum has been duly executed and delivered by a duly authorized officer of Guarantor.

Lessee and Guarantor have further authorized and taken all actions required by law, their governing documents or otherwise to authorize the execution, delivery and performance of any previous, present, and future amendments and change orders that may occur to be executed by Lessee or its local representatives.

1. **MISCELLANEOUS**

This Addendum shall be attached to, made a part of and wholly merged into the Lease. The Lease, supplemented by this Addendum, is to remain in full force and effect and is to be deemed superseded by this Addendum to the extent necessary to implement the terms of this Addendum. If there is a conflict between the terms of this Addendum and the Lease, the terms of this Addendum shall control.

Lessee, Guarantor, and Lessor have agreed to the above terms and conditions to the Lease and to this Addendum. No supplement, modification or amendment of the Lease or this Addendum shall be binding unless executed in writing by Lessee and Lessor.

Should any provision(s) in this Addendum be declared void or voidable by a court of competent jurisdiction, the provision(s) shall be considered severed from the Addendum and all remaining provisions shall remain in full force and effect.

No provision of this Addendum will be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or drafted such provision.

This Addendum may be executed and delivered by facsimile or PDF signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

The parties hereto agree that all of the terms of the Lease which are not otherwise amended by this Addendum shall remain in effect.

[SIGNATURES ON THE FOLLOWING PAGE]

[Signature Page to Addendum No. 1]

Executed by each party to be effective as of the date first above written.

**LESSEE:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Name: Witness
Title:

**GUARANTOR:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Name: Witness
Title:

**LESSOR:**

HOLLINGSWORTH INVESTMENTS XI

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
 Joseph A. Hollingsworth, Jr. Witness
 Managing Partner

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