**ADDENDUM NO. 1 (ND-170)**

Lease Rate, Annual Increase, and Renewals

This Addendum No. 1 (“**Addendum**”) is made and entered into effective as of the \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2021, as an addendum to the Standard Commercial/Industrial Building Lease dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2021 (the “**Lease**”), between Hollingsworth Investments XIII, a Tennessee general partnership (“**Lessor**”), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [corp/LLC/general partnership] (“**Lessee**”), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [corp/LLC/general partnership] (“**Guarantor**”), for a 253,052 square foot building located at 288 Quality Drive, Mocksville, North Carolina 27028, being 30.826+/- acres in the SouthPoint Business 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. **LEASE RATE**

Annual Triple Net Lease Rate is as follows:

First Year Rate: $4.59/square foot/year. Upon the first anniversary date of the Lease Commencement Date and for all consecutive anniversaries thereafter, the lease base 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 three percent (3%).

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. **BUILDING REQUIREMENTS**

The Lessor shall provide and construct tenant improvements to the Premises consisting of office, restrooms and breakroom, all totaling approximately \_\_\_\_\_\_ SF and built in accordance with the specifications established in the Standard Commercial Office Specifications attached to the Lease as **Exhibit C** (collectively, the “**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 Upfits. Lessor shall (i) obtain and provide detailed construction drawings, (ii) seek and obtain all buildings permits to complete the Upfits; and (iii) pursue construction in a good and workmanlike manner in compliance with all applicable laws, codes, and regulations. Lessor shall substantially complete the Upfits by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Requirements for the Upfits are outlined below:

[INSERT UPFIT REQUIREMENTS]

Lessee may request additions or changes to the agreed upon plans for the Upfits. Any cost increases or decreases associated therewith will impact the base rental rate for the Premises. The rental rate adjustment will be calculated using the formula below in Lease Rate Adjustments for Changes in Scope of Work.

Premises to be delivered where-is, “As Is, Where Is,” except for Lessor’s Warranties as described in Section 7 of this Addendum.

1. **LEASE RATE ADJUSTMENTS FOR CHANGES IN SCOPE**

Rental Rate adjustments, if any, will begin upon the Lease Commencement Date. In the event Lessee requests a change order or modification to the Upfits that affects the costs thereof, the annual rental rate for the Premises identified in Section 3 above for Upfits may be adjusted up or down pursuant to a prior written change order agreement for building improvements signed by Lessor and Lessee by using the following formula: $0.0324SF/$50,000 (as calculated on 253,052 S.F.) change in direct subcontractor costs.

Such rental rate adjustment formula would also apply to any other portion of the scope of Upfits which is changed from that described herein or in the Lease, lease amendments, and any associated exhibits, and such changes shall be documented by a fully executed Change Order signed by Lessee and Lessor. The total change orders to the scope of work through this formula is limited to $1,250,000 change addition or reduction in the cost of construction.

Lessee shall pay monthly rent for the Premises during the term of the Lease in accordance with Section 1 above, as may be adjusted by this section, 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.

1. **BROKERS**

Lessor and Lessee each represent and warrant to the other that neither party is represented by a broker or other agent in connection with the Lease other than \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, who represents the Lessee. \_\_\_\_\_\_\_\_\_\_\_ shall pay commission fees as defined in a separate agreement to Broker upon receiving a fully executed Lease.

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 Premises work against defective design, workmanship and materials, latent or otherwise, for a period of one (1) year from the execution of the Lease (the “**Warranty Period**”).

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 exception, 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 is 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:**

[INSERT LESSEE NAME]

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

**GUARANTOR:**

[INSERT GUARANTOR NAME]

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

**LESSOR:**

HOLLINGSWORTH INVESTMENTS XIII

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

\\hw-srv02.hollingsworth.local\shared\jburns\PROPERTIES\NORTH CAROLINA\Mocksville, NC\ND-170 (Lot 12) 288 Quality Drive\LEASES\Prospects\Prospect - Unknown (2021-07)\Addendum No. 1 v1.2 (8.09.21).docx