

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-33937

Live Ventures Incorporated

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

85-0206668

(IRS Employer Identification No.)

325 E. Warm Springs Road, Suite 102

Las Vegas, Nevada

(Address of principal executive offices)

89119

(Zip Code)

(702) 939-0231

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the issuer's common stock, par value \$.001 per share, outstanding as of August 10, 2016 was 16,736,675.

**INDEX TO FORM 10-Q FILING
FOR THE QUARTER ENDED JUNE 30, 2016**

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**LIVE VENTURES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 30, 2016	September 30, 2015
	(unaudited)	
Assets		
Cash and cash equivalents	\$ 3,133,422	\$ 2,727,818
Accounts receivable, net	8,640,663	8,243,992
Inventories, net	10,763,723	13,335,598
Prepaid expenses and other current assets	1,466,178	1,522,027
Total current assets	<u>24,003,986</u>	<u>25,829,435</u>
Property and equipment, net	13,651,146	12,481,901
Deposits and other assets	19,765	36,090
Deferred taxes	12,254,278	–
Intangible assets, net	1,343,138	1,516,930
Goodwill	800,000	800,000
Total assets	<u>\$ 52,072,313</u>	<u>\$ 40,664,356</u>
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	\$ 6,093,712	\$ 5,536,796
Accrued liabilities	3,995,302	3,660,949
Income tax payable	–	376,000
Notes payable	1,811,701	1,443,036
Total current liabilities	<u>11,900,715</u>	<u>11,016,781</u>
Notes payable, net of current portion	16,953,378	14,568,190
Note payable, related party	1,989,846	6,495,825
Contingent consideration from business combination	–	316,000
Total Liabilities	<u>30,843,939</u>	<u>32,396,796</u>
Commitment and contingencies	–	–
Stockholders' equity:		
Series E convertible preferred stock, \$0.001 par value, 200,000 shares authorized, 127,840 shares issued and outstanding at June 30, 2016 and September 30, 2015, liquidation preference \$38,203	10,866	10,866
Common stock, \$0.001 par value, 30,000,000 shares authorized, 16,917,406 shares issued and 16,793,743 shares outstanding at June 30, 2016; 16,903,014 shares issued and 16,903,014 shares outstanding at September 30, 2015	16,923	16,908
Paid in capital	53,306,178	52,950,945
Treasury stock (123,663 shares)	(202,005)	–
Accumulated deficit	(31,903,588)	(46,665,003)
Total Live Ventures stockholders' equity	<u>21,228,374</u>	<u>6,313,716</u>
Noncontrolling interest	–	1,953,844
Total equity	<u>21,228,374</u>	<u>8,267,560</u>
Total liabilities and equity	<u>\$ 52,072,313</u>	<u>\$ 40,664,356</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LIVE VENTURES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
Revenues	\$ 19,994,363	\$ 2,939,405	\$ 59,938,720	\$ 15,210,436
Cost of revenues	14,894,949	1,796,359	42,823,232	8,895,338
Gross profit	<u>5,099,414</u>	<u>1,143,046</u>	<u>17,115,488</u>	<u>6,315,098</u>
Operating expenses:				
General and administrative expenses	2,172,366	3,941,273	6,696,637	7,429,372
Sales and marketing expenses	1,869,830	899,526	7,115,903	4,540,708
Impairment of intangible assets	–	445,884	–	445,884
Total operating expenses	<u>4,042,196</u>	<u>5,286,683</u>	<u>13,812,540</u>	<u>12,415,964</u>
Operating income (loss)	1,057,218	(4,143,637)	3,302,948	(6,100,866)
Other expense:				
Interest expense, net	(270,007)	(5,678)	(950,476)	(4,202,622)
Other income	326,708	(59,076)	694,277	(31,137)
Gain on derivative liability	–	–	–	83,580
Total other expense, net	<u>56,701</u>	<u>(64,754)</u>	<u>(256,199)</u>	<u>(4,150,179)</u>
Income (loss) before provision for income taxes	1,113,919	(4,208,391)	3,046,749	(10,251,045)
Income tax benefit	(12,254,278)	–	(11,840,298)	–
Net income (loss)	13,368,197	(4,208,391)	14,887,047	(10,251,045)
Net income attributed to noncontrolling interest	–	–	124,194	–
Net income (loss) attributed to Live Ventures Incorporated	<u>\$ 13,368,197</u>	<u>\$ (4,208,391)</u>	<u>\$ 14,762,853</u>	<u>\$ (10,251,045)</u>
Earnings (loss) per share:				
Basic	<u>\$ 0.79</u>	<u>\$ (0.26)</u>	<u>\$ 0.87</u>	<u>\$ (0.65)</u>
Diluted	<u>\$ 0.70</u>	<u>\$ (0.26)</u>	<u>\$ 0.77</u>	<u>\$ (0.65)</u>
Weighted average common shares outstanding:				
Basic	<u>16,836,361</u>	<u>16,151,289</u>	<u>16,879,151</u>	<u>15,766,001</u>
Diluted	<u>19,142,832</u>	<u>16,151,289</u>	<u>19,115,798</u>	<u>15,766,001</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LIVE VENTURES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended June 30,	
	2016	2015
OPERATING ACTIVITIES:		
Net income (loss)	\$ 14,887,047	\$ (10,251,045)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,623,013	500,699
Non-cash interest expense associated with convertible debt and warrants	4,749	2,194,013
Non-cash interest expense associated with loan fees	–	2,004,202
Non-cash change in fair value of derivative liability	–	(83,580)
Stock based compensation expense	254,710	621,311
Repricing of stock option exercise price	–	54,677
Non-cash issuance of common stock for services	22,500	2,008,559
Provision for uncollectible accounts	30,073	24,819
Reserve for obsolete inventory	703,532	255,110
Change in deferred taxes	(12,254,278)	–
Change in contingent liability	(316,000)	–
Loss on disposal of property and equipment	71,614	48,534
Impairment of intangible assets	–	445,884
Changes in assets and liabilities:		
Accounts receivable	(426,744)	(85,049)
Prepaid expenses and other current assets	55,849	245,198
Inventories	1,868,343	1,485,196
Deposits and other assets	16,325	(5,082)
Accounts payable	556,916	(971,874)
Accrued liabilities	332,915	13,094
Income tax payable	(376,000)	–
Net cash provided by (used in) operating activities	<u>7,054,564</u>	<u>(1,495,334)</u>
INVESTING ACTIVITIES:		
Proceeds from the sale of property and equipment	653,857	–
Expenditures for intangible assets	–	(52,985)
Purchases of property and equipment	<u>(3,343,937)</u>	<u>(43,453)</u>
Net cash used in investing activities	<u>(2,690,080)</u>	<u>(96,438)</u>
FINANCING ACTIVITIES:		
Net borrowings under revolver loans	(2,485,546)	–
Issuance of common stock for cash, net of issuance costs	–	538,441
Payments on notes payable	(4,400,114)	(556,047)
Payments on notes payable, related party	(4,505,979)	–
Payments on debt issue costs	(415,757)	–
Purchase of treasury stock	(202,005)	–
Payment for the purchase of the noncontrolling interest	(2,000,000)	–
Proceeds from issuance of notes payable	10,050,521	–
Proceeds from issuance of convertible debt	–	100,000
Net cash provided by (used in) financing activities	<u>(3,958,880)</u>	<u>82,394</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	405,604	(1,509,378)
CASH AND CASH EQUIVALENTS, beginning of period	<u>2,727,818</u>	<u>8,114,682</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 3,133,422</u>	<u>\$ 6,605,304</u>
Supplemental cash flow disclosures:		
Interest paid	<u>\$ 842,202</u>	<u>\$ 24,312</u>
Income taxes paid	<u>\$ 466,000</u>	<u>\$ –</u>
Noncash financing and investing activities:		
Recognition of contingent beneficial conversion feature	<u>\$ –</u>	<u>\$ 100,000</u>
Conversion of notes payable and accrued interest into common stock	<u>\$ –</u>	<u>\$ 635,756</u>

Accrued and unpaid dividends	\$ 480	\$ 1,442
Note payable issued for purchase of noncontrolling interest	\$ 500,000	\$ —

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LIVE VENTURES INCORPORATED AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 30, 2016 AND 2015

Note 1: Organization and Basis of Presentation

The accompanying consolidated financial statements include the accounts of Live Ventures, Incorporated, a Nevada corporation, and its subsidiaries (collectively the "Company"). The Company is a holding company for diversified businesses. The Company promoted online marketing solutions to small and medium businesses to help them boost customer awareness, gain visibility and manage their online presence. The Company also offered affordable acquisition services to the small businesses through the Instant Agency suite of products and services. The Company continues to actively develop, revise and evaluate its products, services and its marketing strategies in its businesses. Under the Live Ventures brand the Company seeks opportunities to acquire profitable and well-managed companies. The Company believes that with the proper positioning and its investment capital these companies can become very profitable. With its recent acquisition of Marquis Industries, Inc., the Company became engaged in the manufacture and sale of carpet and the sale of vinyl and wood floorcoverings.

Effective October 7, 2015, the Company changed its corporate name from LiveDeal, Inc. to Live Ventures, Incorporated.

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for audited financial statements. In the opinion of the Company's management, this interim information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods. The results of operations for the nine months ended June 30, 2016 are not necessarily indicative of the results to be expected for the fiscal year ending September 30, 2016. The accompanying note disclosures related to the interim financial information included herein are also unaudited. This financial information should be read in conjunction with the consolidated financial statements and related notes thereto as of September 30, 2015 and for the fiscal year then ended included in the Company's Annual Report on Form 10-K filed with the SEC on January 13, 2016.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant estimates and assumptions have been made by management throughout the preparation of the condensed consolidated financial statements, including in conjunction with establishing allowances for customer refunds, non-paying customers, dilution and fees, analyzing the recoverability of the carrying amount of intangible assets, evaluating the merits of pending litigation, estimating forfeitures of stock-based compensation, valuing beneficial conversion features in convertible debt, and evaluating the recoverability of deferred tax assets. Actual results could differ from these estimates.

Note 2: Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements represent the consolidated financial position and results of operations of the Company and its subsidiaries as follows:

Company	Percentage Owned	Parent
Telco Billing, Inc.	100%	Live Ventures Incorporated
Velocity Marketing Concepts, Inc.	100%	Live Ventures Incorporated
Velocity Local, Inc.	100%	Live Ventures Incorporated
Modern Everyday, Inc.	100%	Live Ventures Incorporated
Modern Everyday, LLC	100%	Modern Everyday, Inc.
Super Nova, LLC	100%	Modern Everyday, Inc.
Live Goods, LLC	100%	Live Ventures Incorporated
Marquis Affiliated Holdings, LLC*	100%	Live Ventures Incorporated
Marquis Industries, Inc.	100%	Marquis Affiliated Holdings, LLC
A-O Industries, LLC	100%	Marquis Industries, Inc.
Astro Carpet Mills, LLC	100%	Marquis Industries, Inc.
Constellation Industries, LLC	100%	Marquis Industries, Inc.
S F Commercial Properties, LLC	100%	Marquis Industries, Inc.
Marquis Real Estate Holdings, LLC	100%	Marquis Industries, Inc.

The results of operations for Marquis Industries, Inc. have only been included since the date of acquisition of July 6, 2015. All intercompany transactions and balances have been eliminated in consolidation.

* Effective November 30, 2015, the Company acquired the remaining 20% interest.

Noncontrolling Interest

On July 6, 2015, the Company, through Marquis Affiliated Holdings, LLC (“MAH”), acquired an 80% interest in Marquis Industries, Inc. The transaction was accounted for under the acquisition method of accounting, with the purchase price allocated based on the fair value of the individual assets acquired and liabilities assumed.

The Company follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810, “*Consolidation*,” which governs the accounting for and reporting of noncontrolling interests (“NCIs”) in partially owned consolidated subsidiaries and the loss of control of subsidiaries. Certain provisions of this standard indicate, among other things, that NCIs be treated as a separate component of equity, not as a liability, that increases and decreases in the parent’s ownership interest that leave control intact be treated as equity transactions rather than as step acquisitions or dilution gains or losses, and that losses of a partially owned consolidated subsidiary be allocated to the NCI even when such allocation might result in a deficit balance. This standard also required changes to certain presentation and disclosure requirements.

The net income attributed to the NCI is separately designated in the accompanying consolidated statements of operations. Losses attributable to the NCI in a subsidiary may exceed the NCI’s in the subsidiary’s equity. The excess attributable to the NCI is attributed to those interests. The NCI shall continue to attribute its share of losses even if that attribution results in a deficit NCI balance.

Effective November 30, 2015, the Company purchased the remaining 20% interest in Marquis for \$2,000,000. In accordance with ASC 810, the excess of the noncontrolling interest at November 30, 2015 over the \$2,000,000 purchase price of \$78,038 has been recorded directly to additional paid in capital.

Inventories

Inventories are valued at the lower of the inventory’s cost (first in, first out basis) or the current market price of the inventory. Management compares the cost of inventory with its market value and an allowance is made to write down inventory to market value, if lower. At June 30, 2016 and September 30, 2015, the allowance for obsolete inventory was \$339,238 and \$402,278, respectively.

Revenue Recognition

Directory Services

Revenue is billed and recognized monthly for services subscribed in that specific month. The Company has historically utilized outside billing companies to perform billing services through direct ACH withdrawals.

For billings via ACH withdrawals, revenue is recognized when such billings are accepted. For billings via LECs, the Company recognizes revenue based on net billings accepted by the LECs. Due to the periods of time for which adjustments may be reported by the LECs and the billing companies, the Company estimates and accrues for dilution and fees reported subsequent to year-end for initial billings related to services provided for periods within the fiscal year. Such dilution and fees are reported in cost of services in the accompanying consolidated statements of operations. Customer refunds are recorded as an offset to gross revenue.

Revenue for billings to certain customers that are billed directly by the Company and not through the outside billing companies is recognized based on estimated future collections which is reasonably assured. The Company continuously reviews this estimate for reasonableness based on its collection experience.

Deals Revenue

The Company recognizes revenue from its sales through its strategic publishing partners of discounted goods and services offered by its merchant clients (“Deals”) when the following criteria are met: persuasive evidence of an arrangement exists; delivery has occurred; the selling price is fixed or determinable; and collectability is reasonably assured. These criteria are met when the number of customers who purchase the daily deal exceeds the predetermined threshold, where, if applicable, the Deal has been electronically delivered to the purchaser and a listing of Deals sold has been made available to the merchant. At that time, the Company’s obligations to the merchant, for which it is serving as an agent, are substantially complete. The Company’s remaining obligations, which are limited to remitting payment to the merchant, are inconsequential or perfunctory. The Company records as revenue an amount equal to the net amount it retains from the sale of Deals after paying an agreed upon percentage of the purchase price to the featured merchant excluding any applicable taxes. Revenue is recorded on a net basis because the Company is acting as an agent of the merchant in the transaction.

Deferred Revenue

In some instances, the Company receives payments in advance of rendering services, whereupon such revenues are deferred until the related services are rendered. There is no deferred revenue as of June 30, 2016 and September 30, 2015.

Product Revenue

The Company derives product revenue primarily from direct revenue and fulfillment partner revenue from product sales. Product revenue is recognized when the following revenue recognition criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or the service has been provided; (3) the selling price or fee revenue earned is fixed or determinable; and (4) collection of the resulting receivable is reasonably assured.

The Company evaluates the criteria outlined in ASC Topic 605-45, *Principal Agent Considerations*, in determining whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned as commissions. When the Company is the primary obligor in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these indicators, revenue is recorded gross. If we are not the primary obligor in the transaction and amounts earned are determined using a fixed percentage, revenue is recorded on a net basis. Currently, all direct revenue and fulfillment partner revenue is recorded on a gross basis, as the Company is the primary obligor. The Company presents revenue net of sales taxes.

Manufacturing Revenue

Revenues from the sale of carpet products, including shipping and handling amounts, are recognized when the following criteria are met: there is persuasive evidence that a sales agreement exists, delivery has occurred or services have been rendered, the price to the buyer is fixed or determinable, and collectability is reasonably assured. Delivery is not considered to have occurred until the customer takes title to the goods and assumes the risks and rewards of ownership, which is generally on the date of shipment. At the time revenue is recognized, the Company records a provision for the estimated amount of future returns based primarily on historical experience and any known trends or conditions that exist at the time revenue is recognized. Revenues are recorded net of taxes collected from customers.

Income Taxes

Income taxes are accounted for using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance would be provided for those deferred tax assets for which if it is more likely than not that the related benefit will not be realized. The Company classifies tax-related penalties and interest as a component of income tax expense for financial statement presentation.

Segment Reporting

ASC Topic 280, "Segment Reporting," requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. The Company determined it has three reportable segments (See Note 15).

Derivative Financial Instruments

The Company evaluates all of its agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. For stock-based derivative financial instruments, the Company uses a weighted average Black-Scholes-Merton option pricing model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date. As of June 30, 2016 and September 30, 2015, the Company had no financial instruments with derivative feature.

Recently Issued Accounting Pronouncements

No accounting standards or interpretations issued recently are expected to have a material impact on our consolidated financial position, operations or cash flows.

Note 3: Balance Sheet Information

Balance sheet information is as follows:

	June 30, 2016	September 30, 2015
Receivables, current, net:		
Accounts receivable, current	\$ 9,433,871	\$ 9,007,127
Less: Allowance for doubtful accounts	(793,208)	(763,135)
	<u>\$ 8,640,663</u>	<u>\$ 8,243,992</u>
Receivables, long term, net:		
Accounts receivable, long term	\$ 344,572	\$ 344,572
Less: Allowance for doubtful accounts	(344,572)	(344,572)
	<u>\$ –</u>	<u>\$ –</u>
Total receivables, net:		
Gross receivables	\$ 9,778,443	\$ 9,351,699
Less: Allowance for doubtful accounts	(1,137,780)	(1,107,707)
	<u>\$ 8,640,663</u>	<u>\$ 8,243,992</u>
Components of allowance for doubtful accounts are as follows:		
Allowance for dilution and fees on amounts due from billing aggregators	\$ 1,063,617	\$ 1,063,617
Allowance for customer refunds	1,225	1,715
Allowance for other trade receivables	72,938	42,375
	<u>\$ 1,137,780</u>	<u>\$ 1,107,707</u>
Inventory		
Raw materials	\$ 6,543,795	\$ 6,715,298
Work in progress	900,054	836,837
Finished goods	4,425,684	6,185,741
	<u>11,869,533</u>	<u>13,737,876</u>
Less: Obsolescence reserve	(1,105,810)	(402,278)
	<u>\$ 10,763,723</u>	<u>\$ 13,335,598</u>
Property and equipment, net:		
Land and improvements	\$ –	\$ 687,999
Building and improvements	5,699,489	4,202,000
Transportation equipment	77,419	77,419
Machinery and equipment	9,483,125	7,676,561
Furnishings and fixtures	192,757	211,701
Office, computer equipment and other	216,793	244,674
	<u>15,669,583</u>	<u>13,100,354</u>
Less: Accumulated depreciation	(2,018,437)	(618,453)
	<u>\$ 13,651,146</u>	<u>\$ 12,481,901</u>
Intangible assets, net:		
Domain name and marketing related intangibles	\$ 18,957	\$ 18,957
Website and technology related intangibles	25,300	25,300
Purchased software	1,500,000	1,500,000
	<u>1,544,257</u>	<u>1,544,257</u>
Less: Accumulated amortization	(201,119)	(27,327)
	<u>\$ 1,343,138</u>	<u>\$ 1,516,930</u>
Accrued liabilities:		
Accrued payroll and bonuses	\$ 681,110	\$ 731,782
Accrued software costs	1,500,000	1,500,000
Accrued expenses - other	1,814,192	1,429,167
	<u>\$ 3,995,302</u>	<u>\$ 3,660,949</u>

Note 4: Intangible Assets

During the year ended September 30, 2015, the Company purchased software for \$1,500,000. This software is being amortized over 84 months which is the term that the software is expected to produce revenue. The Company has the option to pay for the software in cash or in 800,000 shares of the Company's common stock. The Company has until December 31, 2016 to pay for the software either in cash or common stock. At June 30, 2016, the Company had not made any payments towards the purchase of this software and has reflected the \$1,500,000 purchase price for the software in accrued liabilities in the accompanying condensed consolidated balance sheet.

The following summarizes estimated future amortization expense related to intangible assets for the twelve month periods ending June 30:

2017	\$	219,221
2018		214,286
2019		214,286
2020		214,286
2021		214,286
Thereafter		266,773
	\$	<u>1,343,138</u>

Total amortization expense related to intangible assets was \$173,791 and \$451,024 for the nine months ended June 30, 2016 and 2015, respectively.

Note 5: Notes Payable

Notes payable as of June 30, 2016 and September 30, 2015 consisted of the following:

	June 30, 2016	September 30, 2015
Base Rate Revolver Loan- interest rate based on prime rate adjusted for fixed coverage ratio (table below), maturity date July 6, 2020	\$ 4,955,962	\$ 7,225,745
Base Rate Term Loan- interest rate based on prime rate adjusted for fixed coverage ratio (table below) fixed coverage ratio, maturity date July 6, 2020	3,580,617	7,628,438
Note payable to individual, payable on demand, interest at 10.0% per annum, unsecured	90,148	92,441
Acquisition note payable, due September 6, 2016, as amended, non-interest bearing	50,000	395,251
Note payable to Store Capital Acquisitions, LLC, due June 13, 2056, monthly principal and interest payments of \$73,970, interest at 9.25% per annum, secured by land and buildings	9,355,521	—
Note payable to individual, payable within 90 days of a written demand notice, interest at 10.0% per annum, unsecured	495,000	—
Note payable to individual, payable within 90 days of a written demand notice, interest at 10.0% per annum, unsecured	200,000	—
Credit line due January 1, 2024, with interest rate of 2.75%	453,588	669,351
Total debt	19,180,836	16,011,226
Less debt discount	(415,757)	—
Net amount	18,765,079	16,011,226
Current portion	1,811,701	1,443,036
Long-term portion	<u>\$ 16,953,378</u>	<u>\$ 14,568,190</u>

Real Estate Transaction

On June 14, 2016, the Company entered into a transaction with Store Capital Acquisitions, LLC. The transaction included a sale-leaseback of land owned by Marquis Industries and a loan secured by the improvements on such land. The total aggregate proceeds received from the sale of the land and the loan was \$10,000,000, which consisted of \$644,479 from the sale of the land and a note payable of \$9,355,521. The Company recognized a loss of \$43,520 on the sale of the land. In connection with the transaction, the Company entered into a lease with a 15 year term commencing on the closing of the transaction, which provides the Company an option to extend the lease upon the expiration of its term. The initial annual lease rate is \$59,614. The proceeds from this transaction were used to pay down the revolver and terms loans, and related party loan, as well as purchasing a building from the previous owners of Marquis Industries that was not purchased in the July 2015 transaction. In connection with the note payable, the Company incurred \$415,757 in transaction costs that are recognized as a debt discount that will be amortized to interest expense over the term of the note payable.

Revolver Loan and Term Loan

In connection with the purchase of Marquis Industries Inc., the Company entered into an agreement with Bank of America for a Term and Revolving Loan for approximately \$7.8 million for the term component and approximately \$15 million for the revolving component. As part of the Bank of America Revolving Loan, Marquis Industries may borrow up to \$15 million (based on eligibility).

The Bank of America term loan bears interest at a variable rate based on a base rate plus a margin. The current base rate is the greater of (a) Bank of America prime rate, (b) the current federal funds rate plus 0.50%, or (c) 30-day LIBOR plus 1.00% plus the margin, which varies, depending on the fixed coverage ratio table below. Levels I – IV which determine the interest rate to be charge is based on the fixed charge coverage ratio.

Fixed Coverage Ratio Table

Level	Fixed Charge Coverage Ratio	Base Rate Revolver Loan	LIBOR Revolver Loans	Base Rate Term Loans	LIBOR Term Loans
I	greater than 2.0 to 1	0.50%	1.50%	0.75%	1.75%
II	less than or equal to 2.0 to 1 but greater than 1.5 to 1	0.75%	1.75%	1.00%	2.00%
III	less than or equal to 1.5 to 1 but greater than 1.2 to 1	1.00%	2.00%	1.25%	2.25%
IV	less than or equal to 1.2 to 1	1.25%	2.25%	1.50%	2.5%

The loans are cross-collateralized with substantially all real and personal property of Marquis Industries, Inc. As of June 30, 2016, the Company was at Level II with the fixed coverage ratio.

Monthly payments to Bank of America are approximately \$79,000 plus accrued interest. The term component is due and payable in July 2020, which is when the revolving component terminates.

The loans contain certain covenants that require, among other things, for the Company to maintain a fixed charge coverage ratio of at least 1.05 to 1. Since the loan was obtained on July 6, 2015, the Company still has until July 5, 2016 to be in compliance with this ratio.

ICG Convertible Note Transaction

On January 23, 2014, the Company issued a note to Isaac Capital Group (“ICG”), a related party, in the principal amount of \$500,000. Because the conversion price of \$2.29 was less than the stock price, this gave rise to a beneficial conversion feature valued at \$500,000. The Company recognized this beneficial conversion feature as a debt discount and additional paid in capital. The debt discount is being amortized over the one year term. On December 3, 2014, ICG converted the note into 674,370 shares of common stock, therefore the remaining debt discount of \$158,219 was written off and recognized as interest expense. In addition, upon the conversion of note, the Company issued to ICG a warrant to acquire 674,370 additional shares of the Company’s common stock at an exercise price of \$0.95 per share. The fair value of the warrants issued in connection with the conversion of note was \$1,853,473 and was immediately recognized as interest expense.

Kingston Convertible Note Transaction (\$10 Million Line of Credit)

On January 7, 2014, the Company entered into a Note Purchase Agreement (the “Kingston Purchase Agreement”) with Kingston Diversified Holdings LLC (“Kingston”), pursuant to which the Investor agreed to purchase for cash up to \$5,000,000 in aggregate principal amount of the Company’s Convertible Notes (“Notes”). The Kingston Purchase Agreement and the Notes, which are unsecured, provide that all amounts payable by the Company to Kingston under the Notes will be due and payable on the second (2nd) anniversary of the date of the Kingston Purchase Agreement (the “Maturity Date”). The Kingston Purchase Agreement provides for a 5% discount to the note amount, interest at 8% per annum and convertible into shares of the Company’s common stock equal to 70% of the lesser of: (i) the closing bid price of the common stock on the date of the Kingston Purchase Agreement (i.e., \$3.12 per share); or (ii) the 10-day volume weighted average closing bid price for the common stock, as listed on NASDAQ for the 10 business days immediately preceding the date of conversion (the “Average Price”); provided, however, that in no event will the Average Price per share be less than \$0.33.

On October 29, 2014, the Company entered into an amended convertible note purchase agreement with Kingston whereby the Company and Kingston agreed to (i) increase the maximum principal amount of the notes from \$5 million to \$10 million in principal amount, (ii) eliminate the original issue discount provision of the agreement and replaces it with an execution payment equal to 5% of the maximum loan amount, and (iii) provides certain additional adjustments to the note conversion price.

On October 16, 2014, the Company issued a Note to Kingston in the principal amount of \$100,000. Because the conversion price of \$0.79 was less than the stock price on the date of issuance, this gave rise to a beneficial conversion feature valued at \$100,000. The Company recognized this beneficial conversion feature as a debt discount and additional paid in capital. The debt discount is being amortized over the one year term. On November 17, 2014, Kingston converted the note into 127,008 shares of common stock, therefore the debt discount of \$100,000 was written off and recognized as interest expense.

In addition, as a result of the October 29, 2014 amendment, the Company was required to issue to Kingston, the original issue discount payment equal to 5% of the maximum loan in shares of the Company's common stock based upon the conversion price of the first conversion which was \$0.79 per shares. The Company issued 630,252 shares of common stock that had a fair value of \$2,004,202 which was immediately recognized as interest expense.

Credit line

In connection with the purchase of Modern Everyday, Inc., the Company assumed a credit line from a bank. The credit line is collateralized by all the assets of Modern Everyday, Inc., accrues interest at prime plus 2% and is due on December 31, 2017.

Note 6: Note Payable, Related Party

In connection with the purchase of Marquis Industries Inc., the Company entered into a mezzanine loan in an amount of up to \$7,000,000 provided by Isaac Capital Fund, a private lender whose managing member is Jon Isaac, the chief executive officer of the Company.

The Isaac Capital Fund mezzanine loan bears interest at 12.5% with payment obligations of interest each month and all principal due in January 2021 (nine months after the final payments are due under the Bank of America Term and Revolving Loan). As of June 30, 2016 and September 30, 2015, there was \$1,989,846 and \$6,495,825, respectively, outstanding on this mezzanine loan.

Note 7: Equity

Common Stock

During the nine months ended June 30, 2016, the Company issued:

- 14,392 shares of common stock for services rendered valued at \$22,500. The value was based on the market value of the Company's common stock on the date of issuance.

During the nine months ended June 30, 2015, the Company issued:

- 787,358 shares of common stock for services rendered valued at \$2,008,559. The value was based on the market value of the Company's common stock on the date of issuance;
- 155,000 shares of common stock for net cash proceeds of \$538,441;
- 801,378 share of common stock for the conversion of convertible notes and accrued interest of \$635,756;
- 630,252 shares of common stock as payment for the original issue discount fees associated with the Kingston agreement. The value of the shares of \$2,004,202 was based on the market value of the Company's common stock at the date of issuance.

Treasury Stock

During the nine months ended June 30, 2016, the Company purchased 123,663 shares of its common stock on the open market (treasury shares) for \$202,005. The Company accounted for the purchase of these treasury shares using the cost method.

2014 Omnibus Equity Incentive Plan

On January 7, 2014, our Board of Directors adopted the 2014 Omnibus Equity Incentive Plan (the "2014 Plan"), which authorizes the issuance of distribution equivalent rights, incentive stock options, non-qualified stock options, performance stock, performance units, restricted ordinary shares, restricted stock units, stock appreciation rights, tandem stock appreciation rights and unrestricted ordinary shares to our officers, employees, directors, consultants and advisors. The Company has reserved up to 1,800,000 shares of common stock for issuance under the 2014 Plan. As required under Nasdaq Listing Rule 5635(c), the Company included a proposal at its 2014 Annual Meeting of Stockholders, which was held on July 11, 2014, to obtain approval of the 2014 Plan. The 2014 Plan was approved.

Series E Convertible Preferred Stock

Pursuant to a tender offer, in 2002, holders of 13,184 shares of the Company's common stock exchanged said shares for 127,840 shares of Series E Convertible Preferred Stock, at the then \$0.85 market value of the common stock. The shares carry a \$0.30 per share liquidation preference and accrue dividends at the rate of 5% per annum on the liquidation preference per share, payable quarterly from legally available funds. If such funds are not available, dividends shall continue to accumulate until they can be paid from legally available funds. Holders of the preferred shares are entitled, after two years from issuance, to convert them into common shares on a one-to-one basis together with payment of \$0.45 per converted share.

Dividends

During the nine months ended June 30, 2016 and 2015, the Company accrued dividends of \$1,438 and \$1,442, respectively, payable to holders of Series E preferred stock. At June 30, 2016 unpaid dividends were \$479.

Note 8: Warrants

The Company issued several Notes in prior periods and converted them resulting in the issuance of warrants. The following table summarizes information about the Company's warrant activity for the nine months ended June 30, 2016:

	<u>Number of Units</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (in years)</u>	<u>Intrinsic Value</u>
Outstanding at September 30, 2015	3,540,876	\$ 0.69	2.73	\$ 3,498,531
Granted	—			
Exercised	—			
Outstanding at June 30, 2016	<u>3,540,876</u>	<u>\$ 0.69</u>	<u>1.98</u>	<u>\$ 2,861,174</u>
Exercisable at June 30, 2016	<u>3,540,876</u>	<u>\$ 0.69</u>	<u>1.98</u>	<u>\$ 2,861,174</u>

Most of the above warrants were issued in connection with conversion of convertible notes (See Note 5). When the debt is converted and warrants are issued, the Company determines the fair value of the warrants using the Black-Scholes model and takes a charge to interest expense at the date of issuance.

The exercise price for warrants outstanding and exercisable at June 30, 2016 is as follows:

<u>Outstanding</u>		<u>Exercisable</u>	
<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Number of Warrants</u>	<u>Exercise Price</u>
1,631,886	\$ 0.55	1,631,886	\$ 0.55
535,716	0.56	535,716	0.56
371,487	0.81	371,487	0.81
<u>1,001,787</u>	<u>0.95</u>	<u>1,001,787</u>	<u>0.95</u>
<u>3,540,876</u>		<u>3,540,876</u>	

Note 9: Stock Options

From time to time, the Company grants stock options and restricted stock awards to officers, directors, employees and consultants. These awards are valued based on the grant date fair value of the instruments, net of estimated forfeitures. The value of each award is amortized on a straight-line basis over the requisite service period.

Stock Options

The following table summarizes stock option activity for the nine months ended June 30, 2016:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value
Outstanding at September 30, 2015	1,050,000	\$ 1.87	4.76	\$ 225,750
Granted	—			
Exercised	—			
Forfeited	—			
Outstanding at June 30, 2016	1,050,000	\$ 1.87	4.01	\$ 162,500
Exercisable at June 30, 2016	1,012,500	\$ 1.85	3.94	\$ 162,500

The Company recognized compensation expense of \$254,710 and \$621,311 during the nine months ended June 30, 2016 and 2015, respectively, related to stock option awards granted to certain employees and executives based on the grant date fair value of the awards, net of estimated forfeitures.

At June 30, 2016, the Company had \$5,089 of unrecognized compensation expense (net of estimated forfeitures) associated with stock option awards which the Company expects will be recognized through June 2017.

The exercise price for options outstanding and exercisable at June 30, 2016 is as follows:

Outstanding			Exercisable		
Number of Options	Exercise Price		Number of Options	Exercise Price	
187,500	\$ 0.83		187,500	\$ 0.83	
150,000	1.25		150,000	1.25	
187,500	1.67		187,500	1.67	
37,500	2.08		37,500	2.08	
37,500	2.50		—	2.50	
450,000	2.53		450,000	2.53	
1,050,000			1,012,500		

The following table summarizes information about the Company's non-vested shares as of June 30, 2016:

Non-vested Shares	Number of Shares	Weighted-Average Grant-Date Fair Value
Nonvested at September 30, 2015	375,000	\$ 1.44
Granted	—	
Vested	(337,500)	
Nonvested at June 30, 2016	37,500	\$ 1.44

Note 10: Earnings (Loss) Per Share

Earnings (loss) per share is calculated using the weighted average number of shares of common stock outstanding during the applicable period. Basic weighted average common shares outstanding is computed using the weighted average shares outstanding during the period. Diluted earnings (loss) per share is computed using the weighted average number of common shares outstanding and if dilutive, potential common shares outstanding during the period. Potential common shares consist of the additional common shares issuable in respect of stock options, warrants and convertible preferred stock. The potential dilutive effect of stock options and warrants is calculated using the treasury stock method. Preferred stock dividends are subtracted from net loss to determine the amount available to common stockholders.

The following table presents the computation of basic and diluted earnings (loss) per share:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
<i>Basic</i>				
Net income (loss) attributed to Live Ventures Incorporated	\$ 13,368,197	\$ (4,208,391)	\$ 14,762,853	\$ (10,251,045)
Less: preferred stock dividends	(479)	(480)	(1,438)	(1,442)
Net income (loss) applicable to common stock	<u>\$ 13,367,718</u>	<u>\$ (4,208,871)</u>	<u>\$ 14,761,415</u>	<u>\$ (10,252,487)</u>
Weighted average common shares outstanding	<u>16,836,361</u>	<u>16,151,289</u>	<u>16,879,151</u>	<u>15,766,001</u>
Basic earnings (loss) per share	<u>\$ 0.79</u>	<u>\$ (0.26)</u>	<u>\$ 0.87</u>	<u>\$ (0.65)</u>
<i>Diluted</i>				
Net income (loss) applicable to common stock	\$ 13,367,718	\$ (4,208,871)	\$ 14,761,415	\$ (10,252,487)
Add: preferred stock dividends	479	–	1,438	–
Net income (loss) applicable for diluted earnings (loss) per share	<u>\$ 13,368,197</u>	<u>\$ (4,208,871)</u>	<u>\$ 14,762,853</u>	<u>\$ (10,252,487)</u>
Weighted average common shares outstanding	16,836,361	16,151,289	16,879,151	15,766,001
Add: Options	128,375	–	119,784	–
Add: Warrants	2,050,296	–	1,989,063	–
Add: preferred stock	127,800	–	127,800	–
Assumed weighted average common shares outstanding	<u>19,142,832</u>	<u>16,151,289</u>	<u>19,115,798</u>	<u>15,766,001</u>
Diluted earnings (loss) per share	<u>\$ 0.70</u>	<u>\$ (0.26)</u>	<u>\$ 0.77</u>	<u>\$ (0.65)</u>

The following is a list of potentially dilutive securities outstanding (prior to dilutive effect) at the respective periods:

	Three Months Ended June 30,		Nine months Ended June 30,	
	2016	2015	2016	2015
Options to purchase shares of common stock	1,050,000	1,050,000	1,050,000	1,050,000
Warrants to purchase shares of common stock	3,540,876	3,540,876	3,540,876	3,540,876
Series E convertible preferred stock	127,840	127,840	127,840	127,840
Total potentially dilutive shares	<u>4,718,716</u>	<u>4,718,716</u>	<u>4,718,716</u>	<u>4,718,716</u>

Note 11: Income Taxes

At June 30, 2016, the Company evaluated its valuation allowance against its deferred tax assets. The Company reduced its valuation allowance by \$12,254,278 based on the profitable operations of its Marquis subsidiary that can be offset against the Company net operating loss carryforwards.

Note 12: Related Party Transactions

The Company entered into a Note Purchase Agreement with ICG, an entity owned by Jon Isaac, the Company's President and Chief Executive Officer and a director of the Company, and subsequently issued a series of Subordinated Convertible Notes thereunder to ICG. In connection with these transactions, the Company received gross proceeds of \$500,000 during the year ended September 30, 2014.

Because the conversion price under ICG's notes was less than the fair market value of the stock on the date of issuance, the Company recognized a beneficial conversion feature which was treated as a debt discount and amortized on a straight line basis as interest expense until the date of conversion, at which time all remaining debt discount was recognized as interest expense. Additionally, the fair value of the warrants that were contingently issuable to ICG upon conversion were recognized as additional interest expense.

During the nine months ended June 30, 2016 and 2015, the Company recognized total interest expense of \$0 and \$2,018,803, respectively, associated with the ICG notes.

The Company leases a building from a related party under long-term operating lease. The building lease from a related party is \$18,562 per month and expires in July 2020. This lease was terminated in June 2016 when the Company purchased this building from the related party.

On January 12, 2016, ICG advanced \$800,000 to the Company. The advance was non-interest bearing and was repaid on January 29, 2016.

Also see Note 6 and 7.

Note 13: Commitments and Contingencies

Purchase price contingency

In connection with acquisition of Modern Everyday, Inc., the Company issued 50,000 shares of the Company's common stock as part of the consideration for the acquisition. The Company has guaranteed the holder of the 50,000 shares that the value of those shares will be at least \$8.00 per shares 30 months after the acquisition date. The Company has agreed to compensate the holder, if the share price is less than \$8.00 at the 30 months anniversary of the acquisition, the difference between \$8.00 and the share price at the 30 month anniversary times the number of shares still owned by the holder. The Company reached an agreement with the holder of these shares that would not require the Company to compensate the holder if the value of the shares was under \$8.00 per share; therefore the Company removed the contingent liability during the quarter ended March 31, 2016 and recorded other income of \$316,000.

Litigation

The Company is party to certain legal proceedings from time to time incidental to the conduct of its business. These proceedings could result in fines, penalties, compensatory or treble damages or non-monetary relief. The nature of legal proceedings is such that the Company cannot assure the outcome of any particular matter, and an unfavorable ruling or development could have a materially adverse effect on our consolidated financial position, results of operations and cash flows in the period in which a ruling or settlement occurs. However, based on information available to the Company's management to date, the Company's management does not expect that the outcome of any matter pending against us is likely to have a materially adverse effect on the Company's consolidated financial position as of June 30, 2016, results of operations, cash flows or liquidity of the Company.

Note 14: Concentration of Credit Risk

The Company maintains cash balances at banks in California, Nevada and Georgia. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution as of June 30, 2016. At times, balances may exceed federally insured limits.

Note 15: Segment Reporting

The Company operates in three segments which are characterized as: (1) legacy merchant's services, (2) online marketplace platform (includes corporate operations) and (3) manufacturing. The legacy merchants' services consists of directory services, the online marketplace platform consists of livedeal.com and the fiscal 2014 acquisitions of consumer products entities and the manufacturing segment consists of the 2015 acquisition of Marquis Industries.

The following tables summarize segment information for the three and nine months ended June 30, 2016 and 2015:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
Revenues				
Marketplace platform	\$ 508,099	\$ 2,565,330	\$ 5,284,851	\$ 14,042,094
Manufacturing	19,243,019	–	53,881,143	–
Services	243,245	374,075	772,726	1,168,342
	<u>\$ 19,994,363</u>	<u>\$ 2,939,405</u>	<u>\$ 59,938,720</u>	<u>\$ 15,210,436</u>
Gross profit				
Marketplace platform	\$ (616,754)	\$ 809,253	\$ 1,233,705	\$ 5,268,391
Manufacturing	5,483,896	–	15,143,363	–
Services	232,272	333,793	738,420	1,046,707
	<u>\$ 5,099,414</u>	<u>\$ 1,143,046</u>	<u>\$ 17,115,488</u>	<u>\$ 6,315,098</u>
Operating income (loss)				
Marketplace platform	\$ (2,228,857)	\$ (4,414,858)	\$ (4,378,431)	\$ (6,954,605)
Manufacturing	3,055,516	–	6,946,781	–
Services	230,559	271,221	734,598	853,739
	<u>\$ 1,057,218</u>	<u>\$ (4,143,637)</u>	<u>\$ 3,302,948</u>	<u>\$ (6,100,866)</u>
Depreciation and amortization				
Marketplace platform	\$ 65,404	\$ 165,205	\$ 201,647	\$ 490,659
Manufacturing	496,591	–	1,421,366	–
Services	–	3,347	–	10,040
	<u>\$ 561,995</u>	<u>\$ 168,552</u>	<u>\$ 1,623,013</u>	<u>\$ 500,699</u>
Interest Expenses				
Marketplace platform	\$ 10,346	\$ 5,678	\$ 121,319	\$ 4,202,622
Manufacturing	259,661	–	829,157	–
Services	–	–	–	–
	<u>\$ 270,007</u>	<u>\$ 5,678</u>	<u>\$ 950,476</u>	<u>\$ 4,202,622</u>
Provision for income taxes				
Marketplace platform	\$ (12,254,278)	\$ –	\$ (12,254,278)	\$ –
Manufacturing	–	–	413,980	–
Services	–	–	–	–
	<u>\$ (12,254,278)</u>	<u>\$ –</u>	<u>\$ (11,840,298)</u>	<u>\$ –</u>
Net income (loss)				
Marketplace platform	\$ 10,680,437	\$ (4,479,612)	\$ 8,935,139	\$ (11,104,784)
Manufacturing	2,457,201	–	5,229,753	–
Services	230,559	271,221	722,155	853,739
	<u>\$ 13,368,197</u>	<u>\$ (4,208,391)</u>	<u>\$ 14,887,047</u>	<u>\$ (10,251,045)</u>

	As of June 30, 2016	As of September 30, 2015
Total Assets		
Marketplace platform	\$ 15,140,362	\$ 6,811,977
Manufacturing	36,823,082	33,714,344
Services	108,869	138,035
	<u>\$ 52,072,313</u>	<u>\$ 40,664,356</u>
Intangible assets		
Marketplace platform	\$ 1,343,138	\$ 1,516,930
Manufacturing	800,000	800,000
Services	—	—
	<u>\$ 2,143,138</u>	<u>\$ 2,316,930</u>

Note 16: Business Combination

On July 6 and July 7, 2015, the Company entered into a series of agreements in connection with its indirect purchase of Marquis Industries, Inc., a Georgia corporation, and its subsidiaries. The purchase price allocation made by the Company as disclosed in the footnotes to its audited financial statements included in Form 10K is preliminary and subject to change. The Company has not yet completed its analysis to determine the fair value of inventory, property and equipment and a mezzanine loan on the acquisition date. Once this analysis is complete, the Company will adjust, if necessary, the provisional amounts assigned to inventory, property and equipment and a mezzanine loan in the accounting period in which the analysis is completed.

The unaudited pro forma information below present statement of operations data for the nine months ended June 30, 2015 as if the acquisition of Marquis Industries took place on October 1, 2014.

	Nine months Ended June 30, 2015 (unaudited)
Net revenue	\$ 63,163,294
Gross profit	18,866,546
Operating loss	(469,659)
Net loss	(5,668,192)
Loss per share	(0.36)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For a description of our significant accounting policies and an understanding of the significant factors that influenced our performance during the nine months ended June 30, 2016, this "Management's Discussion and Analysis of Financial Condition and Results of Operations" (hereafter referred to as "MD&A") should be read in conjunction with the condensed consolidated financial statements, including the related notes, appearing in Part I, Item 1 of this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended September 30, 2015.

Note About Forward-Looking Statements

This Quarterly Report on Form 10-Q includes statements that constitute "forward-looking statements." These forward-looking statements are often characterized by the terms "may," "believes," "projects," "intends," "plans," "expects," or "anticipates," and do not reflect historical facts. Specific forward-looking statements contained in this portion of the Quarterly Report include, but are not limited to our (i) belief in the continued growth of internet usage, particularly via mobile devices, and demand for web-based marketing; (ii) belief in the continued growth in the demand for local search and information, (iii) belief that small and medium businesses will continue to outsource their online marketing efforts to third parties; (iv) belief that we can cost-effectively expand into other cities due to the scalability of the LiveDeal.com platform; (v) belief that the cash on hand and additional cash generated from operations together with potential sources of cash through issuance of debt or equity will provide the company with sufficient liquidity for the next 12 months; and (vi) belief that the outcome of pending legal proceedings will not have a material adverse effect on business, financial position and results of operations, cash flow or liquidity.

Forward-looking statements involve risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors and risks that could affect our results and achievements and cause them to materially differ from those contained in the forward-looking statements include those identified in our Annual Report on Form 10-K for the fiscal year ended September 30, 2015 under Item 1A "Risk Factors", as well as other factors that we are currently unable to identify or quantify, but that may exist in the future.

In addition, the foregoing factors may generally affect our business, results of operations and financial position. Forward-looking statements speak only as of the date the statements were made. We do not undertake and specifically decline any obligation to update any forward-looking statements. Any information contained on our website www.livedeal.com or any other websites referenced in this Quarterly Report are not part of this Quarterly Report.

Our Company

Live Ventures Incorporated is a holding company for diversified businesses, which, together with our subsidiaries, we refer to as the "Company", "Live Ventures", "we", "us" or "our." Live Ventures first started in the online marketing industry as YP.com. At the time, we were the first company to bring the print yellow pages to the Internet in 1994. From there we moved into the online classifieds business. We primarily promoted online marketing solutions to small and medium businesses to help them boost customer awareness, gain visibility and manage their online presence under our Velocity Local™ brand. We also offered affordable acquisition services to the small business segment through the Instant Agency suite of products and services. Those products, included InstantProfile, which distributes a small business' key contact and service information to the top Internet destinations, include search engines, internet directories and social media networks. Although we continue to generate revenue from servicing our existing customers under InstantProfile, which we refer to as our legacy product offerings, because of the change in our business strategy in 2013, we no longer accept new customers under our legacy product offerings.

In 2013 we launched LiveDeal.com, real-time "deal engine" that connects restaurants across the United States and consumers via a platform. The LiveDeal.com platform targets restaurants in cities across the United States to help them use the platform to attract new customers. In addition, through our subsidiary, Modern Everyday, we maintain an online consumer products retailer.

Commencing in fiscal year 2015, we began to expand our business outside of solely providing an online marketplace. Although we continue to provide online marketing solutions for small and medium business, we began to focus on acquiring profitable companies in various industries that have demonstrated a strong history of earnings power. We continue to actively develop, revise and evaluate our products, services and our marketing strategies in all of our business lines. However, due to the diversification of our company as a result of the acquisition of businesses in several industries, we expect that revenues from our online marketplace business segment and our legacy products will be diluted in the coming months and years. As of the fiscal year ended September 30, 2015, Live Goods and DealTicker ceased operations, and we discontinued our suite of online presence marketing products and solutions under the Velocity Local™ brand.

Under the Live Ventures brand we seek opportunities to acquire profitable and well-managed companies. We will work closely with consultants who will help us identify target companies that fit within the criteria we have established for opportunities that will provide synergies with our businesses.

Our principal offices are located at 325 E. Warm Springs Road, Suite 102, Las Vegas, Nevada 89119, our telephone number is (702) 939-0231, and our corporate website (which does not form part of this report) is located at www.live-ventures.com. Our common stock trades on the NASDAQ Capital Market under the symbol "LIVE".

Manufacturing Segment

In July 2015, we acquired a majority interest in Marquis Industries, Inc., a Georgia corporation, through our partially-owned subsidiary, Marquis Affiliated Holdings LLC. Marquis Industries is a leading carpet manufacturer and a manufacturer of innovative yarn products, as well as a reseller of hard surface flooring products. Over the last decade, Marquis has been an innovator and leader in the value-oriented polyester carpet sector, which is currently the market's fastest-growing fiber category. We focus on the residential, niche commercial, and hospitality end-markets and serve over 2,000 customers.

Since its founding in 1990, Marquis has built a strong reputation for outstanding value, styling, and customer service. Its innovation has yielded products and technologies that differentiate its brands in the flooring marketplace. Marquis's state-of-the-art operations enable high quality products, unique customization, and exceptionally short lead-times. Furthermore, the Company has recently invested in additional capacity to grow several attractive lines of business, including printed carpet and yarn extrusion. Through its A-O Division, utilizes its state-of-the-art yarn extrusion capacity to market monofilament textured yarn products to the artificial turf industry.

Online Marketplace Platform Segment

In September 2013, we launched LiveDeal.com. LiveDeal.com is a unique, real-time "deal engine" connecting merchants with consumers. Currently, we provide marketing solutions to a growing base of restaurants to boost customer awareness and merchant visibility on the Internet. We believe that we have developed the first-of-its-kind web/mobile platform providing restaurants with full control and flexibility to instantly publish customized offers whenever they wish to attract customers. Restaurants can sign up to use the LiveDeal platform at our website.

Highlights of LiveDeal.com include:

- an intuitive interface enabling restaurants to create limited-time offers and publish them immediately, or on a preset schedule that is fully customizable;
- state-of-the-art scheduling technology giving restaurants the freedom to choose the days, times and duration of the offers, enabling them to create offers that entice consumers to visit their establishment during their slower periods;
- advanced publishing options allowing restaurants to manage traffic by limiting the number of available vouchers to consumers;
- superior geo-location technology allowing multi-location restaurants to segment offers by location, attracting customers to slower locations while eliminating potential over-crowding at busier sites;
- innovating proprietary restaurant indexing methodology; and
- a user-friendly mobile and desktop web interface allowing consumers to easily browse, download, and instantly redeem "live" offers found on LiveDeal.com based on their location.

In 2014, the Livedeal.com iOS mobile App was approved by Apple for inclusion in Apple's App Store, and the Android App became available to the public in the Google Play Store.

We believe one of the primary challenges facing the dining industry is the inefficient and limited number of ways restaurants are able to market offers and promotions to their potential customers. Daily deal companies typically dictate offer terms, such as the discount amount and redemption details. This not only erodes potential profits for restaurant owners but could also drive traffic during already-busy periods for the restaurants. LiveDeal's model benefits both the restaurant and the consumer because it provides the restaurant the opportunity to create any offer they choose, limit the number of potential claimants of their promotion, publish the offer on days and at times of their choosing, and provides customers with relevant offers they can easily and quickly redeem while creating a cost-effective model for LiveDeal to grow and easily scale its operations. We expect to initially derive revenues through premium placement on the site, and we are also exploring various options for monetizing the website.

The Company, best known for migrating print yellow pages to the Internet in 1994, began to develop the model for LiveDeal.com after having worked closely with well-known publishers in the daily deal market. In mid-2013, we tested the beta platform in a number of cities, and the model has been well received by restaurants, consumers, and various restaurant associations. We launched LiveDeal.com in the San Diego and Los Angeles, California markets in September 2013 and December 2013, respectively. In 2015 we launched a massive advertising campaign directed at over 35 cities to support the restaurant owners who have created more than 10,000 deals in over 8,000 restaurants in those cities. The Company believes it can cost-effectively expand into other cities due to the scalability of the LiveDeal.com platform, as restaurants can curate deals through our account managers or create specials on their own. In addition, individual customers transact directly with the restaurant, eliminating the need for the Company to act as an intermediary in the sale.

In order to leverage our consumer base, during fiscal 2014 we acquired three business that offer consumer products. We plan to incorporate the sale of consumer products into our livedeal.com website to make it a vertically integrated one-stop shop for all the needs of the everyday consumer. Below is a brief description of the business purchased in fiscal 2014.

Modern Everyday, Inc.,

Modern Everyday, Inc. ("MEI"), acquired in August 2014, has a web presence providing consumers with products that range from kitchen and dining products, apparel and sporting goods to children's toys and beauty products. Modern Everyday also has proprietary software that will give us the capability to track products and predict consumer behavior and spending habits.

Legacy and Merchants' Services Segment

We developed and market a suite of products and services designed to meet the online marketing needs of SMBs at affordable prices. In August 2012, we commenced sourcing local deal and activities to strategic publishing partners under our LiveDeal[®] brand, which we refer to as promotional marketing. In November 2012, we commenced the sale of marketing tools that help local businesses manage their online presence under our Velocity Local[™] brand, which we refer to as online presence marketing. Our target customers for our LiveDeal[®] brand is SMB owners who work long hours to deliver real value to their customers in their own communities that do not have the time or expertise to develop the powerful, multi-faceted, online marketing and advertising programs necessary for successful online marketing. Our offerings draw on a decade of experience servicing SMBs in the internet technology environment.

We continue to generate revenue from servicing our existing customers under our legacy product offerings, primarily our InstantProfile[®] line of products and services. Because of the change in our business strategy and product lines, we no longer accept new customers under our legacy product offerings.

Business Acquisition

On July 6 and July 7, 2015, we entered into a series of agreements in connection with our indirect purchase of Marquis Industries, Inc., a Georgia corporation ("Marquis Industries"), and its subsidiaries. Marquis Industries is a specialty, high-performance carpet yarn manufacturer, hard-surfaces re-seller, and top 10 high-end residential carpet manufacturer in the United States. The purchase and financing transactions were, in the aggregate, valued at approximately \$30 million. The purchase was effectuated between Marquis Affiliated Holdings LLC, a Delaware limited liability company ("Marquis Holdings") that is 80% owned by Live Ventures. The remaining 20% of Marquis Holdings is owned by the former owners of Marquis Industries. In connection with the purchase and finance transaction, various persons and entities entered into a series of agreements (each of which is dated on or about July 6, 2015, with funding occurring on July 6 and July 7, 2015).

Effective November 30, 2015, we purchased the remaining 20% interest in Marquis for \$2,000,000 of which \$1,500,000 was paid in cash and a note payable of \$500,000 due on February 1, 2016. The \$500,000 note was paid in January 2016. The excess of the noncontrolling interest at November 30, 2015 over the \$2,000,000 purchase price of \$78,038 has been record directly to additional paid in capital.

Critical Accounting Estimates and Assumptions

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires our management to make many estimates and assumptions that may materially affect both our consolidated financial statements and related disclosures, such as reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period, and the comparability of the information presented over different reporting periods. Estimates and assumptions are based on management's experience and other information available prior to the issuance of our financial statements. Our actual realized results may differ materially from management's initial estimates as reported. Summaries of our significant accounting policies are detailed in the notes to the consolidated financial statements, which are an integral component of this filing.

The discussion in this section of "critical" accounting estimates and assumptions is according to the disclosure guidelines of the SEC, wherein:

- the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change; and
- the impact of the estimates and assumptions on our financial condition or operating performance is material.

Besides those meeting these "critical" criteria, we make many other accounting estimates and assumptions in preparing our financial statements and related disclosures. Although not associated with "highly uncertain matters," these estimates and assumptions are also subject to revision as circumstances warrant, and materially different results may sometimes occur.

The following summarizes “critical” estimates and assumptions made by management in the preparation of the consolidated financial statements and related disclosures.

Revenue Recognition

Directory Services

Revenue is billed and recognized monthly for services subscribed in that specific month. We have historically utilized outside billing companies to perform billing services through direct ACH withdrawals.

For billings via ACH withdrawals, revenue is recognized when such billings are accepted. For billings via LECs, we recognize revenue based on net billings accepted by the LECs. Due to the periods of time for which adjustments may be reported by the LECs and the billing companies, we estimate and accrue for dilution and fees reported subsequent to year-end for initial billings related to services provided for periods within the fiscal year. Such dilution and fees are reported in cost of services in the accompanying consolidated statements of operations. Customer refunds are recorded as an offset to gross revenue.

Revenue for billings to certain customers that are billed directly by us and not through the outside billing companies is recognized based on estimated future collections. We continuously review this estimate for reasonableness based on its collection experience.

Deals Revenue

We recognize revenue from sales through our strategic publishing partners of discounted goods and services offered by our merchant clients (“Deals”) when the following criteria are met: persuasive evidence of an arrangement exists; delivery has occurred; the selling price is fixed or determinable; and collectability is reasonably assured. These criteria are met when the number of customers who purchase the daily deal exceeds the predetermined threshold, where, if applicable, the Deal has been electronically delivered to the purchaser and a listing of Deals sold has been made available to the merchant. At that time, our obligations to the merchant, for which we are serving as an agent, are substantially complete. Our remaining obligations, which are limited to remitting payment to the merchant, are inconsequential or perfunctory. We record as revenue an amount equal to the net amount it retains from the sale of Deals after paying an agreed upon percentage of the purchase price to the featured merchant excluding any applicable taxes. Revenue is recorded on a net basis because we are acting as an agent of the merchant in the transaction.

Product Revenue

We derive product revenue primarily from direct revenue and fulfillment partner revenue from product sales. Product revenue is recognized when the following revenue recognition criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or the service has been provided; (3) the selling price or fee revenue earned is fixed or determinable; and (4) collection of the resulting receivable is reasonably assured. Revenue related to product sales is recognized when the above four criteria are met.

We evaluate the criteria outlined in ASC Topic 605-45, *Principal Agent Considerations*, in determining whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned as commissions. When we are the primary obligor in a transaction, are subject to inventory risk, have latitude in establishing prices and selecting suppliers, or have several but not all of these indicators, revenue is recorded gross. If we are not the primary obligor in the transaction and amounts earned are determined using a fixed percentage, revenue is recorded on a net basis. Currently, all direct revenue and fulfillment partner revenue is recorded on a gross basis, as we are the primary obligor. We present revenue net of sales taxes.

Manufacturing Revenue

Revenues, including shipping and handling amounts, are recognized when the following criteria are met: there is persuasive evidence that a sales agreement exists, delivery has occurred or services have been rendered, the price to the buyer is fixed or determinable, and collectability is reasonably assured. Delivery is not considered to have occurred until the customer takes title to the goods and assumes the risks and rewards of ownership, which is generally on the date of shipment. At the time revenue is recognized, the Company records a provision for the estimated amount of future returns based primarily on historical experience and any known trends or conditions that exist at the time revenue is recognized. Revenues are recorded net of taxes collected from customers.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts, which includes allowances for customer refunds, dilution and fees from LEC billing aggregators and other uncollectible accounts. The determination of the allowance for doubtful accounts is dependent on many factors, including regulatory activity, changes in fee schedules by LEC service providers and recent historical trends.

Carrying Value of Intangible Assets

Our intangible assets consist of licenses for the use of internet domain names or universal resource locators, or URLs, capitalized website development costs and software, other information technology licenses, customer lists, non-compete agreements and marketing and technology-related intangibles acquired through acquisitions. All these assets are capitalized at their original cost (or at fair value for assets acquired through business combinations) and amortized over their estimated useful lives. We capitalize internally generated software and website development costs in accordance with the provisions of the FASB Accounting Standards Codification (“ASC”) ASC 350, “Intangibles – Goodwill and Other”.

We evaluate the recoverability of the carrying amount of intangible assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be fully recoverable. In the event of such changes, impairment would be assessed if the expected undiscounted net cash flows derived for the asset are less than its carrying amount.

Stock-Based Compensation

From time to time we grant restricted stock awards and options to employees, non-employees and our executives and directors. Such awards are valued based on the grant date fair-value of the instruments, net of estimated forfeitures. The value of each award is amortized on a straight-line basis over the vesting period.

Income Taxes

Income taxes are accounted for using the asset and liability method as prescribed by ASC 740 “Income Taxes”. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance would be provided for those deferred tax assets for which if it is more likely than not that the related benefit will not be realized.

We have estimated net deferred income tax assets (net of valuation allowances) of \$12,254,278 and \$0 at June 30, 2016 and September 30, 2015, respectively. At June 30, 2016, we evaluated our valuation allowance against our deferred tax assets. We reduced our valuation allowance by \$12,254,278 based on the profitable operations of our Marquis subsidiary that can be offset against our net operating loss carryforwards.

Results of Operations

The following sets forth a discussion of our financial results for the three and nine months ended June 30, 2016 as compared to the three and nine months ended June 30, 2015. In evaluating our business, management reviews several key performance indicators including new customers, total customers in each line of business, revenues per customer, and customer retention rates. However, given the changing nature of our business strategy, we do not believe that presentation of these metrics would reveal any meaningful trends in our operations that are not otherwise apparent from the discussion of our financial results below. Generally, the significant changes in the results of operations when compared to the prior periods as noted below is a result of the acquisition of Marquis Industries we made in July 2015.

Revenues

	Revenues			
	2016	2015	Change	Percent
Three Months Ended June 30	\$ 19,994,363	\$ 2,939,405	\$ 17,054,958	580%
Nine Months Ended June 30	59,938,720	15,210,436	\$ 44,728,284	294%

Revenues for the three and nine months ended June 30, 2016 increased by \$17,054,958 and \$44,728,284, respectively, as compared to the three and nine months ended June 30, 2015, primarily due to the acquisition of Marquis Industries in July 2015. Revenue from our manufacturing segment increased from \$0 and \$0, respectively, for the three and nine months ended June 30, 2015 to \$19,243,019 and \$53,881,143, respectively, for the three and nine months ended June 30, 2016. Revenue from our online marketplace platform segment decreased by \$8,757,243 or 62% from \$14,042,094 for the nine months ended June 30, 2015 to \$5,284,851 for the nine months ended June 30, 2016. The decrease is due to a change in our overall strategy which resulted in fewer resources being focused on our marketplace platform segment. This trend of a decrease in revenue in our marketplace platform segment is expected to continue in the future. Revenue from our legacy and merchants’ services segment decreased by \$395,616 or 34% from \$1,168,342 for the nine months ended June 30, 2015 to \$772,726 for the nine months ended June 30, 2016. We expect revenue from this segment to continue to decrease in the future.

Cost of Revenues

	Cost of Revenues			
	2016	2015	Change	Percent
Three Months Ended June 30	\$ 14,894,949	\$ 1,796,359	\$ 13,098,590	729%
Nine Months Ended June 30	42,823,232	8,895,338	\$ 33,927,894	381%

Cost of revenues, which consists principally of the cost of products we sell, increased by \$13,098,590 and \$33,927,894, respectively, for the three and nine months ended June 30, 2016 as compared to the three and nine months ended June 30, 2015. The increase in cost of revenues for the three and nine months ended June 30, 2016 is primarily due to increase in revenue as a result of our acquisition of Marquis Industries in July 2015. Cost of revenues were 71.4% and 58.5% of net revenues for the nine months ended June 30, 2016 and 2015, respectively, an increase of 12.9%. The increase is due to the increase in revenue from our manufacturing segment that has a higher cost of revenues than our marketplace platform segment.

Gross Profit

	Gross Profit			
	2016	2015	Change	Percent
Three Months Ended June 30	\$ 5,099,414	\$ 1,143,046	\$ 3,956,368	346%
Nine Months Ended June 30	17,115,488	6,315,098	\$ 10,800,390	171%

Gross profit increased for the three and nine months ended June 30, 2016 by \$3,956,368 and \$10,800,390, as compared to the three and nine months ended June 30, 2015, primarily due to the increase in revenues from our acquisition of Marquis Industries in July 2015. The gross profit percentage for nine months ended June 30, 2016 was 28.6% compared to 41.5% for the nine months ended June 30, 2015. Our gross profit percentage from our legacy and merchants' services segment was 95.6% and 89.6% for the nine months ended June 30, 2016 and 2015, respectively, and our gross profit percentage for our online marketplace platform segment was 23.3% and 37.5% for the nine months ended June 30, 2016 and 2015, respectively. Our gross profit percentage from our newly acquired manufacturing segment was 28.1%.

General and Administrative Expenses

	General and Administrative Expenses			
	2016	2015	Change	Percent
Three Months Ended June 30	\$ 2,172,366	\$ 3,941,273	\$ (1,768,907)	(45)%
Nine Months Ended June 30	6,696,637	7,429,372	\$ (732,735)	(10)%

General and administrative expenses decreased by \$1,768,907 and \$732,735, respectively, for the three and nine months ended June 30, 2016 as compared to three and nine months ended June 30, 2015. The decrease for both the three and nine months ended June 30, 2016 compared to the same period in 2015 is principally a result of i) a non-cash charge to earnings during the three months ended June 30, 2015 of approximately \$2,500,000 from the issuance of common stock to officers and other consultants, stock options granted to an officer and the repricing of certain previously issued stock options and ii) a reduction of general and administrative expenses in our marketplace platform segment as we shifted our resources as a result of our change in strategy. The decrease in general and administrative expense for the three and nine months ended June 30, 2016 compared to the same period in 2015 is offset by an increase due to the acquisition of Marquis Industries in July 2015 that incurred \$767,998 and \$3,017,450 in general and administrative expenses for the three and nine months ended June 30, 2016. We expect our general and administrative expenses to remain at the current level for the near future.

Sales and Marketing Expenses

	Sales and Marketing Expenses			
	2016	2015	Change	Percent
Three Months Ended June 30	\$ 1,869,555	\$ 899,526	\$ 970,029	108%
Nine Months Ended June 30	7,115,628	4,540,708	\$ 2,574,920	57%

Sales and marketing expense increased by \$970,029 and \$2,574,920, respectively, for the three and nine months ended June 30, 2016 as compared to the three and nine months ended June 30, 2015 primarily due to expenses associated with marketing activities for Marquis Industries.

Operating Income (Loss)

	Operating Income (Loss)			
	2016	2015	Change	Percent
Three Months Ended June 30	\$ 1,057,218	\$ (4,143,637)	\$ 5,200,855	(126)%
Nine Months Ended June 30	3,302,948	(6,100,866)	\$ 9,403,814	(154)%

The increase in operating income of \$5,200,855 and \$9,403,814, respectively, for the three and nine months ended June 30, 2016 as compared to the three and nine months ended June 30, 2015 resulted from a variety of factors, including the acquisition of Marquis Industries in July 2015.

Total Other Income (Expense)

	Total Other Income (Expense)			
	2016	2015	Change	Percent
Three Months Ended June 30	\$ 56,701	\$ (64,754)	\$ 121,455	(188)%
Nine Months Ended June 30	(256,199)	(4,150,179)	\$ 3,893,980	(94)%

The large decrease in other expense of \$3,893,980 for the nine months ended June 30, 2016 as compared to nine months ended June 30, 2015 was primarily due to interest expense relating to the amortization of debt discounts, the issuance of warrants upon the conversion of debt and the issuance of common stock for the original issue discount on a \$10 million credit facility during the nine months ended June 30, 2015, offset by an increase in interest paid on our outstanding loan balances that resulted from the acquisition of Marquis Industries in July 2015. Also, included in other income for the nine months ended June 30, 2016 is \$316,000 related to the removal of the contingent acquisition liability associated with the purchase of Modern Everyday, Inc.

Income Tax Expense (Benefit)

	Income Tax Expense (Benefit)			
	2016	2015	Change	Percent
Three Months Ended June 30	\$ (12,254,278)	\$ –	\$ (12,254,278)	N/A
Nine Months Ended June 30	(11,840,298)	–	\$ (11,840,298)	N/A

The significant change in the income tax benefit is a result of us evaluating our valuation allowance against our deferred tax asset at June 30, 2016. We reduced our valuation allowance by \$12,254,278 based on the profitable operations of our Marquis subsidiary that can be offset against our net operating loss carryforwards.

Net Income (Loss) Attributable to Live Ventures Incorporated

	Net Income (Loss)			
	2016	2015	Change	Percent
Three Months Ended June 30	\$ 13,368,197	\$ (4,208,391)	\$ 17,576,588	(418)%
Nine Months Ended June 30	14,762,853	(10,251,045)	\$ 25,013,898	(244)%

The increase in the net income of \$17,576,588 and \$25,013,898, respectively, for the three and nine months ended June 30, 2016, as compared to the net loss for the three and nine months ended June 30, 2015 was primarily attributable to the reduction in our valuation allowance against our deferred tax assets, the acquisition of Marquis Industries in July 2015 and the large interest expense and non-cash stock compensation charges taken during the nine months ended June 30, 2015, as described above.

Liquidity and Capital Resources

The Company's cash and cash equivalents at June 30, 2016 was \$3,133,422 compared to \$2,727,818 at September 30, 2015, an increase of \$405,604. The principal reason for this increase was the cash generated from our Marquis Industries subsidiary offset by the pay down of debt.

Cash Flows from Operating Activities

Net cash provided by operating activities was \$7,054,564 for the nine months ended June 30, 2016 as compared to cash used in operating activities of \$1,495,334 for the same period in 2015. This change was due to an increase of \$25,138,092 in our net income, partially offset by a decrease of non-cash expenses of \$17,540,414 which during the nine months ended June 30, 2016 included \$12,254,278 of the change in deferred taxes and during the nine months ended June 30, 2015 included \$2,194,013 of interest expense associated with convertible debt and warrants, and \$2,004,202 of interest expense associated with loan fees, \$2,008,559 of common stock issued for services, and \$445,884 of impairment of intangible assets. Cash flows from operations were also impacted by an increase of \$1,346,121 in changes in working capital and other assets in the nine months ended June 30, 2016 as compared to the same period in 2015. This working capital variance resulted primarily from the changes in accounts receivable and accounts payable.

Cash Flows from Investing Activities

Our cash flows used in investing activities during the nine months ended June 30, 2016 consisted of \$3,343,937 of purchases of equipment principally machinery and equipment, and a building for our Marquis subsidiary and \$653,857 from the sale of property and equipment. Our cash flows used in investing activities during the nine months ended June 30, 2015 consisted of \$52,985 of expenditures for intangible assets and \$43,453 of purchases of equipment.

Cash Flows from Financing Activities

Our cash flows used in financing activities during the nine months ended June 30, 2016 consisted of \$2,485,546 from net payments under our revolver loan; the repayment of \$4,400,114 and \$4,505,979 of notes payable and related party notes payable, respectively; the purchase of treasury shares for \$202,005; \$2,000,000 paid to purchase the noncontrolling interest and net proceeds of \$9,634,764 from the issuance of notes payable. Our cash flows used in financing activities during the nine months ended June 30, 2015 consisted of \$100,000 from the issuance of a convertible note payable; \$556,047 for the repayment of notes payable; and proceeds of \$538,441 from the sale of our common stock.

Working Capital

We had working capital of \$12,103,271 as of June 30, 2016 compared to working capital of \$14,812,654 as of September 30, 2015 with current assets decreasing by \$1,825,449 and current liabilities increasing by \$883,934 from September 30, 2015 to June 30, 2016.

Real Estate Transaction

On June 14, 2016, we entered into a transaction with Store Capital Acquisitions, LLC. The transaction included a sale-leaseback of land owned by Marquis and a loan secured by the improvements on such land. The total aggregate proceeds received from the sale of the land and the loan was \$10,000,000, which consisted of \$644,479 from the sale of the land and a note payable of \$9,355,521. We recognized a loss of \$43,520 on the sale of the land. In connection with the transaction, we entered into a lease with a 15 year term commencing on the closing of the transaction, which provides us an option to extend the lease upon the expiration of its term. The initial annual lease rate is \$59,614. The proceeds from this transaction were used to pay down the revolver and terms loans, and related party loans, as well as purchasing a building from the previous owners of Marquis that was not purchased in the July 2015 transaction.

Revolver Loan and Term Loan

In connection with the purchase of Marquis Industries Inc., we entered into an agreement with Bank of America for a Term and Revolving Loan for approximately \$7.8 million for the term component and approximately \$15 million for the revolving component. As part of the Bank of America Revolving Loan, Marquis Industries may borrow up to \$15 million (based on eligibility). At June 30, 2016 we had \$4,955,962 and \$3,580,617 outstanding on the Revolver Loan and Term Loan, respectively.

Future Sources of Cash; New Products and Services

We will require additional capital to finance our planned business operations as we continue to fund our growing operations including the recent acquisition of Marquis Industries, and develop other new products. In addition, we may require additional capital to finance acquisitions or other strategic investments in our business. Other sources of financing may include stock issuances; additional loans (for example, through our sale and issuance of convertible notes pursuant to the \$10 million line of credit that we entered into in January 2014, as amended); or other forms of financing. Any financing obtained may further dilute or otherwise impair the ownership interest of our existing stockholders. If we are unable to generate positive cash flows or raise additional capital in a timely manner or on acceptable terms, we may (i) not be able to make acquisitions or other strategic investments in our business, (ii) modify, delay or abandon some or all of our business plans, and/or (iii) be forced to cease operations.

We believe that our existing cash on hand is sufficient to finance our operations for the next twelve months. To the extent that we do not achieve profitability or positive operating cash flows, our business will be materially and adversely affected. Further, our business is likely to experience significant volatility in our revenues, operating losses, personnel involved, products or services for sale, and other business parameters, as management implements our new strategies and responds to operating results.

Off-Balance Sheet Arrangements

At June 30, 2016, we had no off-balance sheet arrangements, commitments or guarantees that require additional disclosure or measurement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (our principal executive officer and principal financial officer) of the effectiveness of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 ("Exchange Act") Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, our Chief Executive Officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our Chief Executive Officer, as appropriate to allow timely decisions regarding required disclosure. We concluded they were not effective because of certain deficiencies in our internal controls over financial reporting as disclosed below.

Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2016. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control — Integrated Framework. Based on our assessment using those criteria, our management concluded that our internal control over financial reporting was not effective as of June 30, 2016 due to our analysis of the valuation of certain inventory and the purchase price allocation in connection with the acquisition of Marquis.

Changes in Internal Controls Over Financial Reporting. There have been no changes to our internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ended June 30, 2016 which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is party to certain legal proceedings from time to time incidental to the conduct of its business. These proceedings could result in fines, penalties, compensatory or treble damages or non-monetary relief. The nature of legal proceedings is such that we cannot assure the outcome of any particular matter, and an unfavorable ruling or development could have a materially adverse effect on our consolidated financial position, results of operations and cash flows in the period in which a ruling or settlement occurs. However, based on information available to the Company's management to date and other than as noted below, the Company's management does not expect that the outcome of any matter pending against us is likely to have a materially adverse effect on our consolidated financial position as of June 30, 2016, our annual results of operations or cash flows, or our liquidity.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the quarter ended June 30, 2016, the Company issued an aggregate of 4,699 shares of its common stock for services rendered.

The shares of common stock were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

During the three months ended March 31, 2016, the Company announced a \$10 million stock repurchase program. Below are the treasury stock purchases since inception of the program:

<u>Period</u>	<u>Number of Shares</u>	<u>Average Purchase Price Paid</u>	<u>Number of Purchases as Part of a Publicly Announced Plan or Program</u>	<u>Maximum Amount that May be Purchased Under the Plan or Program</u>
January 2016	–	\$ –	–	\$ 10,000,000
February 2016	28,510	\$ 1.50	28,510	\$ 9,957,335
March 2016	25,000	\$ 1.51	25,000	\$ 9,919,708
April 2016	–	\$ –	–	\$ 9,919,708
May 2016	58,188	\$ 1.73	58,188	\$ 9,819,143
June 2016	11,965	\$ 1.74	11,965	\$ 9,798,307

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

The following exhibits are being filed herewith:

<u>Exhibit Number</u>	<u>Description</u>
10.1	Promissory Note dated June 14, 2016
10.2	Mortgage Loan Agreement dated June 14, 2016
10.3	Master Lease Agreement dated June 14, 2016
10.4	Purchase and Sale Agreement dated June 14, 2016
31.1	Certification of Jon Isaac pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Jon Isaac pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Section 1350 Certification of Jon Isaac
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Live Ventures Incorporated

Dated: August 15, 2016

/s/ Jon Isaac

Jon Isaac

President and Chief Executive Officer

(Principal Executive Officer and Principal Financial Officer)

PROMISSORY NOTE

\$9,355,521.00

Dated as of June 14, 2016

MARQUIS REAL ESTATE HOLDINGS, LLC, a Delaware limited liability company, whose address is 2743 Highway 76, Chatsworth, Georgia 30705 ("Debtor"), for value received, hereby promises to pay to **STORE CAPITAL ACQUISITIONS, LLC**, a Delaware limited liability company, whose address is 8501 E. Princess Drive, Suite 190, Scottsdale, Arizona 85255 ("Lender"), or order, on or before, June 13, 2056 (the "Maturity Date"), as herein provided, the principal sum of \$9,355,521.00, and to pay interest on the unpaid principal amount of this Note from the date hereof to the Maturity Date at the rate of 9.25% per annum on the basis of a 360-day year of twelve 30-day months, such principal and interest to be paid in immediately available funds and in lawful money of the United States.

1. **Loan Agreement.** Initially capitalized terms which are not otherwise defined in this Promissory Note ("Note") shall have the meanings set forth in that certain Mortgage Loan Agreement dated as of the date of this Note between Debtor and Lender, as such agreement may be amended, restated and/or supplemented from time to time (the "Loan Agreement").

2. **Interest.** Interest on the principal amount of this Note for the period commencing with the date such principal amount is advanced by Lender through the last day in the month in which this Note is dated shall be due and payable upon delivery of this Note. Thereafter, principal and interest shall be payable in consecutive monthly installments in the amounts and on the dates indicated on the Loan Amortization Schedule attached hereto, commencing on the first day of August, 2016 and continuing on the first day of each month thereafter until the Maturity Date, at which time the outstanding principal and unpaid accrued interest shall be due and payable.

3. **Prepayment.** Debtor may prepay this Note in full, but not in part (except as otherwise set forth in this Section 3 below), including all accrued but unpaid interest hereunder and all sums advanced by Lender pursuant to the Loan Documents and any Other Agreements; provided that (i) no Event of Default has occurred under this Note or any of the other Loan Documents or any Other Agreements; (ii) any such prepayment shall only be made on a regularly scheduled payment date upon not less than 30 days' prior written notice from Debtor to Lender; and (iii) except as otherwise set forth below, any such prepayment shall be made together with payment of a prepayment premium equal to:

(a) 5% of the amount prepaid if the prepayment is made on or following the fifth anniversary of this Note but prior to the sixth anniversary of this Note;

(b) 4% of the amount prepaid if the prepayment is made on or following the sixth anniversary of this Note but prior to the seventh anniversary of this Note;

(c) 3% of the amount prepaid if the prepayment is made on or following the seventh anniversary of this Note but prior to the eighth anniversary of this Note;

(d) 2% of the amount prepaid if the prepayment is made on or following the eighth anniversary of this Note but prior to the ninth anniversary of this Note; and

(e) 1% of the amount prepaid if the prepayment is made on or following the ninth anniversary of this Note but prior to the tenth anniversary of this Note.

If this Note is prepaid on or following the tenth anniversary of this Note there shall be no prepayment premium. The foregoing prepayment premium shall be due and payable if this Note is prepaid prior to the tenth anniversary of this Note regardless of whether such prepayment is the result of a voluntary prepayment by Debtor or as a result of Lender declaring the unpaid principal balance of this Note, accrued interest and all other sums due under this Note, the Mortgage, the other Loan Documents and any Other Agreements, due and payable as contemplated below (the "Acceleration"); *provided, however*, the prohibition on prepayment and such prepayment premium shall not be applicable with respect to a prepayment of this Note in connection with an application of condemnation proceeds as contemplated by the Mortgage. If this Note is prepaid as a result of Acceleration prior to the fifth anniversary of this Note, a prepayment premium of 5%)0 of the principal amount prepaid shall be due and payable to Lender by Debtor at the time of such prepayment.

4. **Method of Payment.** Concurrently with the execution of this Note, Debtor shall deliver to Lender a completed Authorization Agreement — Pre-Arranged Payments in the form provided by Lender, together with a voided check for account verification, establishing arrangements whereby payments of principal and interest hereunder are transferred by Automated Clearing House Debit initiated by Lender directly from an account at a United States bank in the name of Debtor to such account as Lender may designate.

5. **Event of Default; Remedies.** This Note is secured by the Mortgage and guaranteed by each Guarantor pursuant to the Guaranty. An "Event of Default" shall be deemed to have occurred under this Note if (a) any principal, interest or other monetary sum due under this Note is not paid when due; (b) an Event of Default or a breach or default, after the passage of all applicable notice and cure or grace periods, shall occur under any of the Loan Documents or the Other Agreements; or (c) the Ground Lease shall expire or be terminated.

Upon the occurrence of an Event of Default under this Note, as set forth in the preceding paragraph, then, time being of the essence hereof, Lender may declare the entire unpaid principal balance of this Note, accrued interest, if any, and all other sums due under this Note and any Loan Documents or Other Agreements due and payable at once without notice to Debtor.

All past-due principal and/or interest shall bear interest from the due date to the date of actual payment at the lesser of the highest rate for which the undersigned may legally contract or the rate of eighteen percent (18%) per annum (the "Default Rate"), and such Default Rate shall continue to apply following a judgment in favor of Lender under this Note. If Debtor fails to make any payment or installment due under this Note within five days of its due date, Debtor shall pay to Lender in addition to any other sum due Lender under this Note or any other Loan Document a late charge equal to five percent (5%) of such past-due payment or installment.

All payments of principal and interest due hereunder shall be made (i) without deduction of any present and future taxes, levies, imposts, deductions, charges or withholdings, which amounts shall be paid by Debtor; and (ii) without any other right of abatement, reduction, setoff, defense, counterclaim, interruption, deferment or recoupment for any reason whatsoever. Debtor will pay the amounts necessary such that the gross amount of the principal and interest received by Lender is not less than that required by this Note.

No delay or omission on the part of Lender in exercising any remedy, right or option under this Note shall operate as a waiver of such remedy, right or option. In any event, a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion.

Except as expressly required by this Note, Debtor hereby waives presentment, demand for payment, notice of dishonor, notice of protest, and protest, notice of intent to accelerate, notice of acceleration and all other notices or demands in connection with delivery, acceptance, performance, default or endorsement of this Note.

6. **Notices.** All notices, consents, approvals or other instruments required or permitted to be given by either party pursuant to this Note shall be given in accordance with the notice provisions of the Loan Agreement.

7. **Waivers.** Should any indebtedness represented by this Note be collected at law or in equity, or in bankruptcy or other proceedings, or should this Note be placed in the hands of attorneys for collection after default, Debtor shall pay, in addition to the principal and interest due and payable hereon, all costs of collecting or attempting to collect this Note (the "**Costs**"), including reasonable attorneys' fees and expenses of Lender (including those fees and expenses incurred in connection with any appeal) and court costs whether or not a judicial action is commenced by Lender.

8. **Amendments.** This Note may not be amended or modified except by a written agreement duly executed by the party against whom enforcement of this Note is sought. In the event that any one or more of the provisions contained in this Note shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Note, and this Note shall be construed as if such provision had never been contained herein or therein.

9. **Interest Savings.** Notwithstanding anything to the contrary contained in any of the Loan Documents, the obligations of Debtor to Lender under this Note and any other Loan Documents are subject to the limitation that payments of interest and late charges to Lender shall not be required to the extent that receipt of any such payment by Lender would be contrary to provisions of applicable law limiting the maximum rate of interest that may be charged or collected by Lender. The portion of any such payment received by Lender that is in excess of the maximum interest permitted by such provisions of law shall be credited to the principal balance of this Note or if such excess portion exceeds the outstanding principal balance of this Note, then such excess portion shall be refunded to Debtor. All interest paid or agreed to be paid to Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated and/or spread throughout the full term of this Note (including, without limitation, the period of any renewal or extension thereof) so that interest for such full term shall not exceed the maximum amount permitted by applicable law.

10. **Relationship.** It is the intent of the parties hereto that the business relationship created by this Note and the other Loan Documents is solely that of creditor and debtor and has been entered into by both parties in reliance upon the economic and legal bargains contained in the Loan Documents. None of the agreements contained in the Loan Documents is intended, nor shall the same be deemed or construed, to create a partnership between Lender and Debtor, to make them joint venturers, to make Debtor an agent, legal representative, partner, subsidiary or employee of Lender, nor to make Lender in any way responsible for the debts, obligations or losses of Debtor. Debtor acknowledges that Lender (or any Affiliate of Lender) and Debtor are not affiliates, agents, partners or joint venturers, nor do they have any other legal, representative or fiduciary relationship other than debtor/creditor and/or landlord/tenant relationships unrelated to the transactions contemplated by the Loan Documents.

11. **Construction.** Lender, by accepting this Note, and Debtor acknowledge and warrant to each other that each has been represented by independent counsel and Debtor has executed this Note after being fully advised by said counsel as to its effect and significance. This Note shall be interpreted and construed in a fair and impartial manner without regard to such factors as the party which prepared the instrument, the relative bargaining powers of the parties or the domicile of any party. Time is of the essence in the performance of each and every obligation under this Note.

12. **Jurisdiction; Governing Law.** Debtor acknowledges that this Note was substantially negotiated in the State of Arizona, this Note was delivered in the State of Arizona, all payments under this Note will be delivered in the State of Arizona and there are substantial contacts between the parties and the transactions contemplated herein and the State of Arizona. For purposes of any action or proceeding arising out of this Note, the parties hereto expressly submit to the jurisdiction of all federal and state courts located in the State of Arizona. Debtor consents that it may be served with any process or paper by registered mail or by personal service within or without the State of Arizona in accordance with applicable law. Furthermore, Debtor waives and agrees not to assert in any such action, suit or proceeding that it is not personally subject to the jurisdiction of such courts, that the action, suit or proceeding is brought in an inconvenient forum or that venue of the action, suit or proceeding is improper. It is the intent of Debtor and Lender that all provisions of this Note shall be governed by and construed under the laws of the State of Arizona, without regard to its conflict of laws principles. Nothing contained in this paragraph shall limit or restrict the right of Lender to commence any proceeding in the federal or state courts located in the state in which the Property is located to the extent Lender deems such proceeding necessary or advisable to exercise remedies available under the Loan Documents.

13. **Waiver of Jury Trial.** LENDER, BY ACCEPTING THIS NOTE, AND DEBTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR ITS SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS NOTE, THE RELATIONSHIP OF LENDER AND DEBTOR, DEBTOR'S USE OR OCCUPANCY OF THE PROPERTY, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. THIS WAIVER BY THE PARTIES HERETO OF ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY HAS BEEN NEGOTIATED AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN. FURTHERMORE, DEBTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES FROM LENDER AND ANY OF LENDER'S AFFILIATES, OFFICERS, DIRECTORS OR EMPLOYEES OR ANY OF THEIR SUCCESSORS WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY DEBTOR AGAINST LENDER OR ANY OF LENDER'S AFFILIATES, OFFICERS, DIRECTORS OR EMPLOYEES OR ANY OF THEIR SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS NOTE OR ANY DOCUMENT CONTEMPLATED HEREIN OR RELATED HERETO. THE WAIVER BY DEBTOR OF ANY RIGHT IT MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES HAS BEEN NEGOTIATED BY THE PARTIES HERETO AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN.

14. **Successors and Assigns.** This obligation shall bind Debtor and its successors and assigns, and the benefits hereof shall inure to Lender and its successors and assigns. Lender may assign its rights under this Note as set forth in the Loan Agreement.

[Remainder of page intentionally left blank; signature page to follow]

IN WITNESS WHEREOF, Debtor has executed and delivered this Note effective as of the date first set forth above.

DEBTOR

MARQUIS REAL ESTATE HOLDINGS, LLC,
a Delaware limited liability company

By: Jon Isaac
Name: Jon Isaac
Title: President/Manager

LOAN MORTGAGE SCHEDULE

STORE Capital Acquisitions, LLC
 LOAN AMORTIZATION SCHEDULE - MARQUIS REAL ESTATE HOLDINGS, LLC

Loan Amortization					
Payment Due Date	Beginning Principal Balance	Interest Payment (this is for interest accruable in the prior month)	Principal Payment	Ending Principal Balance	
0	7/1/2016	9,355,521.00	40,865.44	-	9,355,521.00
1	8/1/2016	9,355,521.00	72,115.47	1,854.95	9,353,666.05
2	9/1/2016	9,353,666.05	72,101.18	1,869.24	9,351,796.81
3	10/1/2016	9,351,796.81	72,086.77	1,883.65	9,349,913.16
4	11/1/2016	9,349,913.16	72,072.25	1,898.17	9,348,014.99
5	12/1/2016	9,348,014.99	72,057.52	1,912.80	9,346,102.19
6	1/1/2017	9,346,102.19	72,042.87	1,927.55	9,344,174.64
7	2/1/2017	9,344,174.64	72,028.01	1,942.41	9,342,232.23
8	3/1/2017	9,342,232.23	72,013.04	1,957.38	9,340,274.85
9	4/1/2017	9,340,274.85	71,997.95	1,972.47	9,338,302.38
10	5/1/2017	9,338,302.38	71,982.75	1,987.67	9,336,314.71
11	6/1/2017	9,336,314.71	71,967.43	2,002.99	9,334,311.72
12	7/1/2017	9,334,311.72	71,951.99	2,018.43	9,332,293.29
13	8/1/2017	9,332,293.29	71,936.43	2,033.99	9,330,259.30
14	9/1/2017	9,330,259.30	71,920.75	2,049.67	9,328,209.63
15	10/1/2017	9,328,209.63	71,904.95	2,065.47	9,326,144.16
16	11/1/2017	9,326,144.16	71,889.09	2,081.39	9,324,062.77
17	12/1/2017	9,324,062.77	71,872.98	2,097.44	9,321,965.33
18	1/1/2018	9,321,965.33	71,856.82	2,113.60	9,319,851.73
19	2/1/2018	9,319,851.73	71,840.52	2,129.90	9,317,721.83
20	3/1/2018	9,317,721.83	71,824.11	2,146.31	9,315,575.52
21	4/1/2018	9,315,575.52	71,807.56	2,162.86	9,313,412.66
22	5/1/2018	9,313,412.66	71,790.89	2,179.53	9,311,233.13
23	6/1/2018	9,311,233.13	71,774.09	2,196.33	9,309,036.80
24	7/1/2018	9,309,036.80	71,757.16	2,213.26	9,306,823.54
25	8/1/2018	9,306,823.54	71,740.10	2,230.32	9,304,593.22
26	9/1/2018	9,304,593.22	71,722.91	2,247.51	9,302,345.71
27	10/1/2018	9,302,345.71	71,705.58	2,264.84	9,300,080.87
28	11/1/2018	9,300,080.87	71,688.12	2,282.30	9,297,798.57
29	12/1/2018	9,297,798.57	71,670.53	2,299.89	9,295,498.68
30	1/1/2019	9,295,498.68	71,652.80	2,317.62	9,293,181.06
31	2/1/2019	9,293,181.06	71,634.94	2,335.48	9,290,845.58
32	3/1/2019	9,290,845.58	71,616.93	2,353.49	9,288,492.09
33	4/1/2019	9,288,492.09	71,598.79	2,371.63	9,286,120.46
34	5/1/2019	9,286,120.46	71,580.51	2,389.91	9,283,730.55
35	6/1/2019	9,283,730.55	71,562.09	2,408.33	9,281,322.22
36	7/1/2019	9,281,322.22	71,543.53	2,426.89	9,278,895.33
37	8/1/2019	9,278,895.33	71,524.82	2,445.60	9,276,449.73
38	9/1/2019	9,276,449.73	71,505.97	2,464.45	9,273,985.28
39	10/1/2019	9,273,985.28	71,486.97	2,483.45	9,271,501.83
40	11/1/2019	9,271,501.83	71,467.83	2,502.59	9,268,999.24
41	12/1/2019	9,268,999.24	71,448.54	2,521.88	9,266,477.36
42	1/1/2020	9,266,477.36	71,429.10	2,541.32	9,263,936.04
43	2/1/2020	9,263,936.04	71,409.51	2,560.91	9,261,375.13
44	3/1/2020	9,261,375.13	71,389.77	2,580.65	9,258,794.48

45	4/1/2020	9,258,794.48	71,369.87	2,600.55	9,256,193.93
46	5/1/2020	9,256,193.93	71,349.83	2,620.39	9,253,573.34
47	6/1/2020	9,253,513.34	71,329.63	2,640.79	9,250,932.55
48	7/1/2020	9,250,932.55	71,309.27	2,661.15	9,248,271.40
49	8/1/2020	9,248,271.40	71,288.76	2,681.66	9,245,589.74
50	9/1/2020	9,245,589.74	71,268.09	2,702.33	9,242,887.41
51	10/1/2020	9,242,887.41	71,247.26	2,723.16	9,240,164.25
52	11/1/2020	9,240,164.25	71,226.27	2,744.15	9,237,420.10
53	12/1/2020	9,237,420.10	71,205.11	2,765.31	9,234,654.79
54	1/1/2021	9,234,654.79	71,183.80	2,786.62	9,231,868.17
55	2/1/2021	9,231,868.17	71,162.32	2,808.10	9,229,060.07
56	3/1/2021	9,229,060.07	71,140.67	2,829.75	9,226,230.32
57	4/1/2021	9,226,230.32	71,118.86	2,851.36	9,223,378.76
58	5/1/2021	9,223,378.76	71,096.88	2,873.54	9,220,505.22
59	6/1/2021	9,220,505.22	71,074.73	2,895.69	9,217,609.53
60	1/1/2021	9,217,607.53	71,052.41	2,918.01	9,214,691.32
61	8/1/2021	9,214,691.32	71,029.91	2,940.51	9,211,751.01
62	9/1/2021	9,211,751.01	71,007.25	2,963.17	9,208,787.84
63	10/1/2021	9,208,787.84	70,984.41	2,986.01	9,205,801.83
64	11/1/2021	9,205,801.83	70,961.39	3,009.03	9,202,792.80
65	12/1/2021	9,202,792.80	70,938.19	3,032.23	9,199,760.57
66	1/1/2022	9,199,760.57	70,914.82	3,055.60	9,196,704.97
G7	2/1/2022	9,196,704.97	70,891.27	3,079.15	9,193,625.82
68	3/1/2022	9,193,625.82	70,867.53	3,102.89	9,190,522.93
69	4/1/2022	9,190,522.93	70,843.61	3,126.81	9,187,396.12
70	5/1/2022	9,187,396.12	70,819.51	3,150.91	9,184,245.21
71	6/1/2022	9,184,245.21	70,795.22	3,175.20	9,181,070.01
77	7/1/2022	9,181,070.01	70,770.75	3,199.67	9,177,870.34
73	8/1/2022	9,177,870.34	70,746.08	3,224.34	9,174,646.00
74	9/1/2022	9,174,646.00	70,721.23	3,249.19	9,171,396.81
75	10/1/2022	9,171,396.81	70,696.18	3,274.24	9,168,122.57
76	11/1/2022	9,168,122.57	70,670.94	3,299.48	9,164,823.09
77	12/1/2022	9,164,823.09	70,645.51	3,324.91	9,161,498.18
78	1/1/2023	9,161,498.18	70,619.88	3,350.54	9,158,147.64
79	2/1/2023	9,158,147.64	70,594.05	3,376.37	9,154,771.27
80	3/1/2023	9,154,771.27	70,568.03	3,402.39	9,151,368.88
81.	4/1/2023	9,151,368.88	70,541.80	3,428.62	9,147,940.26
82	5/1/2023	9,147,940.26	70,515.37	3,455.05	9,144,485.21
83	6/1/2023	9,144,485.21	70,488.74	3,481.68	9,141,003.53
84	7/1/2023	9,141,003.53	70,461.90	3,508.52	9,137,495.01
85	8/1/2023	9,137,495.01	70,434.86	3,535.56	9,133,959.45
86	9/1/2023	9,133,959.45	70,407.60	3,562.82	9,130,396.63
87	10/1/2023	9,130,396.63	70,380.14	3,590.28	9,126,806.35
88	11/1/2023	9,126,806.35	70,352.47	3,617.95	9,123,188.40
89	12/1/2023	9,123,188.40	70,324.58	3,645.84	9,119,542.36
90	1/1/2024	9,119,542.56	70,296.47	3,673.95	9,115,868.61
91	2/1/2024	9,115,868.61	70,268.15	3,702.27	9,112,166.34
92	3/1/2024	9,112,166.34	70,239.62	3,730.80	9,108,435.54
93	4/1/2024	9,108,435.54	70,210.86	3,759.56	9,104,675.98
94	5/1/2024	9,104,675.98	70,181.88	3,788.54	9,100,887.44
95	6/1/2024	9,100,887.44	70,152.67	3,817.75	9,097,069.69
96	7/1/2024	9,097,069.69	70,123.25	3,847.17	9,093,222.52
97	8/1/2024	9,093,222.52	70,093.59	3,876.83	9,089,345.69
98	9/1/2024	9,089,345.69	70,063.71	3,906.71	9,085,438.98
99	10/1/2024	9,085,438.98	70,033.39	3,936.83	9,081,502.15
100	11/1/2024	9,081,502.15	70,003.25	3,967.17	9,077,534.98
101	12/1/2024	9,077,534.98	69,972.67	3,997.75	9,073,537.23
102	1/1/2025	9,073,537.23	69,941.85	4,028.57	9,069,508.66
103	2/1/2025	9,069,508.66	69,910.80	4,059.62	9,065,449.04
104	3/1/2025	9,065,449.04	69,879.50	4,090.92	9,061,358.12
105	4/1/2025	9,061,358.12	69,847.97	4,122.45	9,057,235.67
106	5/1/2025	9,057,235.67	69,816.19	4,154.23	9,053,081.44

107	6/1/2025	9,053,081.44	69,784.17	4,186.25	9,048,895.19
108	7/1/2025	9,048,895.19	69,751.90	4,218.52	9,044,676.67
109	8/1/2025	9,044,676.67	69,719.38	4,251.04	9,040,425.63
110	9/1/2025	9,040,425.63	69,686.61	4,283.81	9,036,141.82
113.	10/1/2025	9,036,141.82	69,653.59	4,316.83	9,031,824.99
112	11/1/2025	9,031,824.99	69,620.32	4,350.10	9,027,414.89
113	12/1/2025	9,027,474.89	69,586.79	4,383.63	9,023,091.26
114	1/1/2026	9,023,091.26	69,553.00	4,417.42	9,018,673.84
115	2/1/2026	9,018,673.84	69,518.94	4,451.48	9,014,222.36
116	3/1/2026	9,014,222.36	69,484.63	4,485.79	9,009,736.57
117	4/1/2026	9,009,736.57	69,450.05	4,520.37	9,005,216.20
118	5/1/2026	9,005,216.20	69,415.21	4,555.21	9,000,660.99
119	6/1/2026	9,000,660.99	69,380.10	4,590.32	8,996,070.67
120	7/1/2026	8,996,070.67	69,344.71	4,625.71	8,991,444.96
121	8/1/2026	8,991,444.96	69,309.05	4,661.37	8,986,783.59
122	9/1/2026	8,986,783.59	69,273.12	4,697.30	8,982,086.29
123	10/1/2026	8,982,086.29	69,236.92	4,733.50	8,977,352.79
124	11/1/2026	8,977,352.79	69,200.43	4,769.99	8,972,582.80
125	12/1/2026	8,972,582.80	69,163.66	4,806.76	8,967,776.04
126	1/1/2027	8,967,776.04	69,126.61	4,843.81	8,962,932.23
127	2/1/2027	8,962,932.23	69,089.27	4,881.15	8,958,051.08
128	3/1/2027	8,958,051.08	69,051.64	4,918.78	8,953,132.30
17.9	4/1/2027	8,953,132.30	69,013.73	4,956.69	8,948,175.61
130	5/1/2027	8,948,175.61	68,975.52	4,994.90	8,943,180.71
131	6/1/2027	8,943,180.71	68,937.02	5,033.40	8,938,147.31
132	7/1/2027	8,938,147.31	68,898.22	5,072.20	8,933,075.11
133	8/1/2027	8,933,075.11	68,859.12	5,111.30	8,927,963.01
134	9/1/2027	8,927,963.81	68,819.72	5,150.70	8,922,813.11
135	10/1/2027	8,922,813.11	68,780.02	5,190.40	8,917,622.71
136	11/1/2027	8,917,622.71	68,740.01	5,230.41	8,912,392.30
131	12/1/2027	8,912,392.30	68,699.69	5,270.73	8,907,121.57
1343	1/1/2028	8,907,121.57	68,659.06	5,311.36	8,901,810.21
139	2/1/2028	8,901,810.21	68,618.12	5,352.30	8,896,457.91
140	3/1/2028	8,896,457.91	68,576.86	5,393.56	8,891,064.35
141	4/1/2028	8,891,064.35	68,535.29	5,435.13	8,885,629.22
142	5/1/2028	8,885,629.22	68,493.39	5,477.03	8,880,152.19
143	6/1/2028	8,880,152.19	68,451.17	5,519.25	8,874,632.94
144	7/1/2028	8,874,632.94	68,408.63	5,561.79	8,869,071.15
145	8/1/2028	8,869,071.15	68,365.76	5,604.66	8,863,466.49
146	9/1/2028	8,863,466.49	68,322.55	5,647.87	8,857,818.62
147	10/1/2028	8,857,818.62	68,279.02	5,691.40	8,852,127.22
148	11/1/2028	8,852,127.22	68,235.15	5,735.27	8,846,391.95
149	12/1/2028	8,846,391.95	68,190.94	5,779.48	8,840,612.47
150	1/1/2029	8,840,612.47	68,146.39	5,824.03	8,834,788.44
153.	2/1/2029	8,834,788.44	68,101.49	5,868.93	8,828,919.51
152	3/1/2029	8,828,919.51	68,056.25	5,914.17	8,823,005.34
153	4/1/2029	8,823,005.34	68,010.67	5,959.75	8,817,045.59
154	5/1/2029	8,817,045.59	67,964.73	6,005.69	8,811,039.90
155	6/1/2029	8,811,039.90	67,918.43	6,051.99	8,805,987.91
156	7/1/2029	8,804,987.91	67,871.78	6,098.64	8,798,889.27
157	8/1/2029	8,798,889.27	67,824.77	6,145.65	8,792,743.62
158	9/1/2029	8,792,743.62	67,777.40	6,193.02	8,786,550.60
159	10/1/2029	8,786,550.60	67,729.66	6,240.76	8,780,309.84
160	11/1/2029	8,780,309.84	67,681.56	6,288.86	8,774,020.98
161	12/1/2029	8,774,020.98	67,633.08	6,337.34	8,767,683.64
162	1/1/2030	8,767,683.64	67,584.23	6,386.19	8,761,297.45
163	2/1/2030	8,761,297.45	67,535.00	6,435.42	8,754,862.03
164	3/1/2030	8,754,862.03	67,485.39	6,485.03	8,748,377.00
165	4/1/2030	8,748,377.00	67,435.41	6,535.01	8,741,841.99
166	5/1/2030	8,741,841.99	67,385.03	6,585.39	8,735,256.60
167	6/1/2030	8,735,256.60	67,334.27	6,636.15	8,728,620.45
168	7/1/2030	8,728,620.45	67,283.12	6,687.30	8,721,033.15

169	8/1/2030	8,721,933.15	67,231.57	6,738.85	8,715,194.30
170	9/1/2030	8,715,194.30	67,179.62	6,790.80	8,708,403.50
171	10/1/2030	8,708,403.50	67,127.28	6,843.14	8,701,560.36
172	11/1/2030	8,701,560.36	67,074.53	6,895.89	8,694,664.47
173	12/1/2030	8,694,664.47	67,021.37	6,949.05	8,687,115.42
174	1/1/2031	8,687,115.42	66,967.81	7,002.61	8,680,712.81
175	2/1/2031	8,680,712.81	66,913.83	7,056.59	8,673,656.22
176	3/1/2031	8,673,656.22	66,859.43	7,110.99	8,666,545.23
177	4/1/2031	8,666,545.23	66,804.62	7,165.80	8,659,379.43
178	5/1/2031	8,659,379.43	66,749.38	7,221.04	8,652,158.39
179	6/1/2031	8,652,158.39	66,693.32	7,276.70	8,644,881.69
180	7/1/2031	8,644,881.69	66,637.63	7,332.79	8,637,548.90
181.	8/1/2031	8,637,548.90	66,581.11	7,389.31	8,630,159.59
182	9/1/2031	8,630,159.59	66,524.15	7,446.27	8,622,713.32
183	10/1/2031	8,622,713.32	66,466.75	7,503.67	8,615,209.65
184	11/1/2031	8,615,209.65	66,408.91	7,561.51	8,607,648.14
185	12/1/2031	8,607,648.14	66,350.62	7,619.80	8,600,028.34
186	1/1/2032	8,600,028.34	66,291.89	7,678.53	8,592,349.81
187	2/1/2032	8,592,349.81	66,232.70	7,737.72	8,584,612.09
188	3/1/2032	8,584,612.09	66,173.05	7,797.37	8,576,814.72
189	4/1/2032	8,576,814.72	66,112.95	7,857.47	8,568,957.25
190	5/1/2032	8,568,957.25	66,052.38	7,918.04	8,561,039.21
191	6/1/2032	8,561,039.21	65,991.34	7,979.08	8,553,060.13
192	7/1/2032	8,553,060.13	65,929.84	8,040.58	8,545,019.55
193	8/1/2032	8,545,019.55	65,867.86	8,102.56	8,536,916.99
194	9/1/2032	8,536,916.99	65,805.40	8,165.02	8,528,751.97
195	10/1/2032	8,528,751.97	65,742.46	8,227.96	8,520,524.01
196	11/1/2032	8,520,524.01	65,679.04	8,291.38	8,512,232.63
197	12/1/2032	8,512,232.63	65,615.13	8,355.29	8,503,877.34
198	1/1/2033	8,503,877.34	65,550.72	8,419.70	8,495,457.64
199	2/1/2033	8,495,457.64	65,485.82	8,484.60	8,486,973.04
200	3/1/2033	8,486,973.04	65,420.42	8,550.00	8,478,423.04
201	4/1/2033	8,478,423.04	65,354.51	8,615.91	8,469,807.13
202	5/1/2033	8,469,807.13	65,288.10	8,682.32	8,461,124.81
203	6/1/2033	8,461,124.81	65,221.17	8,749.25	8,452,375.56
204	7/1/2033	8,452,375.56	65,153.73	8,816.69	8,441,558.87
205	8/1/2033	8,443,558.87	65,085.77	8,884.65	8,434,674.22
206	9/1/2033	8,434,674.22	65,017.28	8,953.14	8,425,721.08
207	10/1/2033	8,425,721.08	64,948.27	9,022.15	8,416,698.93
208	11/1/2033	8,416,698.93	64,878.72	9,091.70	8,407,607.23
209	12/1/2033	8,407,607.23	64,808.64	9,161.78	8,398,445.45
210	1/1/2034	8,398,445.45	64,738.02	9,232.40	8,389,213.05
211	2/1/2034	8,389,213.05	64,666.85	9,303.57	8,379,909.48
217	3/1/2034	8,379,909.48	64,595.14	9,375.28	8,370,534.20
213	4/1/2034	8,370,534.20	64,522.87	9,447.55	8,361,086.65
214	5/1/2034	8,361,086.65	64,450.04	9,520.38	8,351,566.27
215	6/1/2034	8,351,566.27	64,376.66	9,593.76	8,341,972.51
216	7/1/2034	8,341,972.51	64,302.70	9,667.72	8,332,304.79
217	8/1/2034	8,332,304.79	64,228.18	9,742.24	8,322,562.55
218	9/1/2034	8,322,562.55	64,153.09	9,817.33	8,312,745.22
219	10/1/2034	8,312,745.22	64,077.41	9,893.01	8,302,852.21
220	11/1/2034	8,302,852.21	64,001.15	9,969.27	8,292,882.94
221	12/1/2034	8,292,882.94	63,924.31	10,046.11	8,282,836.83
222	1/1/2035	8,282,836.83	63,846.87	10,123.55	8,272,713.28
223	2/1/2035	8,272,713.28	63,768.83	10,201.59	8,262,511.69
224	3/1/2035	8,262,511.69	63,690.19	10,280.23	8,252,231.46
225	4/1/2035	8,252,231.46	63,610.95	10,359.47	8,241,871.99
226	5/1/2035	8,241,871.99	63,531.10	10,439.32	8,231,432.67
227	6/1/2035	8,231,432.67	63,450.63	10,519.79	8,220,912.88
228	7/1/2035	8,220,912.88	63,369.54	10,600.88	8,210,312.00
229	8/1/2035	8,210,312.00	63,287.82	10,682.60	8,199,629.40
230	9/1/2035	8,199,629.40	63,205.48	10,764.94	8,188,864.46

231	10/1/2035	8,188,864.46	63,122.50	10,847.92	8,178,016.54
232	11/1/2035	8,178,016.54	63,038.88	10,931.54	8,167,085.00
233	12/1/2035	8,167,085.00	62,954.61	11,015.81	8,156,069.19
234	1/1/2036	8,156,069.19	62,859.70	11,100.72	8,144,968.47
235	2/1/2036	8,144,968.47	62,784.13	11,186.29	8,133,782.18
236	3/1/2036	8,133,782.18	62,697.90	11,272.52	8,122,509.66
237	4/1/2036	8,122,509.66	62,611.01	11,359.41	8,111,150.25
238	5/1/2036	8,111,150.25	62,523.45	11,446.97	8,099,703.28
239	6/1/2036	8,099,703.28	62,435.21	11,535.21	8,088,168.07
240	7/1/2036	8,088,168.07	62,346.30	11,624.12	8,076,543.95
241	8/1/2036	8,076,543.95	62,256.69	11,713.73	8,064,830.22
242	9/1/2036	8,064,830.22	62,165.40	11,804.02	8,053,026.20
243	10/1/2036	8,053,026.20	62,075.41	11,895.01	8,041,131.19
244	11/1/2036	8,041,131.19	61,983.72	11,986.70	8,029,144.49
245	12/1/2036	8,029,144.49	61,891.32	12,079.11	8,017,065.39
246	1/1/2037	8,017,065.39	61,798.21	12,172.21	8,004,893.18
247	2/1/2037	8,004,893.18	61,704.38	12,266.04	7,992,627.14
248	3/1/2037	7,992,627.14	61,609.83	12,360.59	7,980,266.55
249	4/1/2037	7,980,266.55	61,514.55	12,455.87	7,967,810.68
250	5/1/2037	7,967,810.68	61,418.54	12,551.88	7,955,258.80
251.	6/1/2037	7,955,258.80	61,321.79	12,648.63	7,942,610.17
252	7/1/2037	7,942,610.17	61,224.29	12,746.13	7,929,864.04
253	8/1/2037	7,929,864.04	61,126.04	12,844.38	7,917,019.66
254	9/1/2037	7,917,019.66	61,027.03	12,943.39	7,904,076.27
255	10/1/2037	7,904,076.27	60,927.25	13,043.17	7,891,033.10
256	11/1/2037	7,891,033.10	60,826.71	13,143.71	7,877,889.39
257	12/1/2037	7,877,889.39	60,725.40	13,245.02	7,864,644.37
258	1/1/2038	7,864,644.37	60,623.30	13,347.12	7,851,297.25
259	2/1/2038	7,851,297.25	60,520.42	13,450.00	7,837,847.25
260	3/1/2039	7,837,847.25	60,416.74	13,553.68	7,824,293.57
261	4/1/2038	7,824,293.57	60,312.26	13,658.16	7,810,635.41
262	5/1/2038	7,810,635.41	60,206.98	13,763.44	7,796,871.97
263	6/1/2038	7,796,871.97	60,100.89	13,869.53	7,783,002.44
264	7/1/2038	7,783,002.44	59,993.98	13,976.44	7,769,026.00
265	8/1/2038	7,769,026.00	59,886.24	14,084.18	7,754,941.82
266	9/1/2038	7,754,941.82	59,777.68	14,192.74	7,740,749.08
267	10/1/2038	7,740,749.08	59,658.27	14,302.15	7,726,446.93
268	11/1/2038	7,726,446.93	59,558.03	14,412.39	7,712,034.54
269	12/1/2038	7,712,034.54	59,446.93	14,523.49	7,697,511.05
270	1/1/2039	7,697,511.05	59,334.98	14,635.44	7,682,875.61
271	2/1/2039	7,682,875.61	59,222.17	14,748.25	7,668,127.36
272	3/1/2039	7,668,127.36	59,108.48	14,861.94	7,653,265.42
273	4/1/2039	7,653,265.42	58,993.92	14,976.50	7,638,288.92
274	5/1/2039	7,638,288.92	58,878.48	15,091.94	7,623,196.98
275	6/1/2039	7,623,196.98	58,762.14	15,208.28	7,607,988.70
276	7/1/2039	7,607,988.70	58,644.91	15,325.51	7,592,663.19
277	8/1/2039	7,592,663.19	58,526.78	15,443.64	7,577,219.55
278	9/1/2039	7,577,219.55	58,407.73	15,552.69	7,561,656.86
279	10/1/2039	7,561,656.86	58,287.77	15,682.65	7,545,974.21
280	11/1/2039	7,545,974.21	58,166.88	15,803.54	7,530,170.67
281	12/1/2039	7,530,170.67	58,045.07	15,925.35	7,514,245.32
282	1/1/2040	7,514,245.32	57,922.31	16,048.11	7,498,197.21
283	2/1/2040	7,498,197.21	57,798.60	16,171.82	7,482,025.39
284	3/1/2040	7,482,025.39	57,673.95	16,296.47	7,465,728.92
285	4/1/2040	7,465,728.92	57,548.33	16,422.09	7,449,306.83
286	8/1/2040	7,449,306.83	57,421.74	16,548.68	7,432,758.15
287	6/1/2040	7,432,758.15	57,294.18	16,676.24	7,416,081.91
288	7/1/2040	7,416,081.91	57,165.63	16,804.79	7,399,277.12
289	8/1/2040	7,399,277.12	57,036.09	16,934.33	7,382,342.79
290	9/1/2040	7,382,342.79	56,905.56	17,064.86	7,365,277.93
291	10/1/2040	7,365,277.93	56,774.02	17,196.40	7,348,081.53
292	11/1/2040	7,348,081.53	56,641.46	17,328.96	7,330,752.57

293	12/1/2040	7,330,752.57	56,507.88	17,462.34	7,313,290.03
294	1/1/2041	7,313,290.03	56,373.28	17,597.14	7,295,692.89
295	2/1/2041	7,295,692.89	56,237.63	17,732.79	7,277,960.10
296	3/1/2041	7,277,960.10	56,100.94	17,869.48	7,260,090.62
297	4/1/2041	7,260,090.62	55,963.20	18,007.22	7,242,083.40
298	5/1/2041	7,242,083.40	55,824.59	18,146.03	7,223,937.37
299	6/1/2041	7,223,937.37	55,684.52	18,285.90	7,205,651.47
300	7/1/2041	7,205,651.47	55,543.55	18,426.86	7,187,224.61
301	8/1/2041	7,187,224.61	55,401.52	18,568.90	7,168,455.71
302	9/1/2041	7,168,455.71	55,258.39	18,712.03	7,149,943.68
303	10/1/2041	7,149,943.68	55,114.15	18,856.27	7,131,087.41
304	11/1/2041	7,131,087.41	54,968.80	19,001.62	7,112,085.79
305	12/1/2041	7,112,085.79	54,822.33	19,148.09	7,092,937.70
305	1/1/2042	7,092,937.70	54,674.73	19,295.69	7,073,642.01
307	2/1/2042	7,073,642.01	54,525.99	19,444.43	7,054,197.58
308	3/1/2042	7,064,197.58	54,376.11	19,594.31	7,034,603.27
309	4/1/2042	7,034,603.27	54,225.07	19,745.35	7,014,857.92
310	5/1/2042	7,014,857.92	54,072.86	19,897.56	6,994,960.36
311	6/1/2042	6,994,960.36	53,919.49	20,050.93	6,974,909.43
312	7/1/2042	6,974,909.43	53,764.93	20,205.49	6,954,703.94
313	8/1/2042	6,954,703.94	53,609.18	20,361.24	6,934,342.70
314	9/1/2042	6,934,342.70	53,452.22	20,518.20	6,913,824.50
315	10/1/2042	6,913,824.50	53,294.06	20,676.36	6,893,148.14
316	11/1/2042	6,893,148.14	53,134.68	20,835.74	6,872,312.40
317	12/1/2042	6,872,312.40	52,974.07	20,996.35	6,851,316.05
318	1/1/2043	6,851,316.05	52,812.23	21,158.19	6,830,157.86
319	2/1/2043	6,830,157.86	52,649.13	21,321.29	6,808,836.37
320	3/1/2043	6,808,836.37	52,484.78	21,485.64	6,787,350.93
321	4/1/2043	6,787,350.93	52,319.16	21,651.26	6,765,699.67
322	5/1/2043	6,765,699.67	52,132.27	21,818.15	6,743,881.52
323	6/1/2043	6,743,881.52	51,984.09	21,986.33	6,721,895.19
324	7/1/2043	6,721,895.19	51,814.61	22,155.81	6,699,739.38
325	8/1/2043	6,699,739.38	51,643.82	22,326.60	6,677,412.78
326	9/1/2043	6,577,412.78	51,471.72	22,498.70	6,654,914.08
327	10/1/2043	6,654,914.08	51,298.30	22,672.12	6,632,241.96
328	11/1/2043	6,632,241.96	51,123.53	22,846.89	6,609,395.07
329	12/1/2043	6,609,395.07	50,947.42	23,023.00	6,586,372.07
330	1/1/2044	6,586,372.07	50,769.95	23,200.47	6,563,171.60
331	2/1/2044	6,563,171.60	50,591.11	23,379.31	6,539,792.29
332	3/1/2044	6,539,792.29	50,410.90	23,559.52	6,516,232.77
333	4/1/2044	6,516,232.77	50,229.29	23,741.13	6,492,491.64
334	5/1/2044	6,492,491.64	50,046.29	23,924.13	6,468,567.51
335	6/1/2044	6,468,567.51	49,861.87	24,108.55	6,444,458.96
336	7/1/2044	6,444,458.96	49,676.04	24,294.38	6,420,164.58
337	8/1/2044	6,420,164.58	49,488.77	24,481.65	6,395,682.93
338	9/1/2044	6,395,682.93	49,300.06	24,670.36	6,371,012.57
339	10/1/2044	6,371,012.57	49,109.89	24,860.53	6,346,152.04
340	11/1/2044	6,346,152.04	48,918.26	25,052.16	6,321,099.88
341.	12/1/2044	6,321,099.88	48,725.14	25,245.28	6,295,854.60
342	1/1/2045	6,295,854.60	48,530.55	25,439.87	6,270,414.73
343	2/1/2045	6,270,414.73	48,334.45	25,635.97	6,244,778.76
344	3/1/2045	6,244,778.76	48,136.84	25,833.58	6,218,945.18
345	4/1/2045	6,218,945.18	47,937.70	26,032.72	6,192,912.46
346	5/1/2045	6,192,912.46	47,737.03	26,233.39	6,166,679.07
347	6/1/2045	6,166,679.07	47,534.82	26,435.60	6,140,243.47
348	7/1/2045	6,140,243.47	47,331.04	26,639.38	6,413,604.09
349	8/1/2045	6,113,604.09	47,125.70	26,844.72	6,086,759.37
350	9/1/2045	6,086,759.37	46,918.77	27,051.65	6,059,707.72
351	10/1/2045	6,059,707.72	46,710.25	27,260.17	6,032,447.55
352	11/1/2045	6,032,447.55	46,500.12	27,470.30	6,004,977.25
353	12/1/2045	6,004,977.25	46,288.37	27,682.05	5,977,295.20
354	1/1/2046	5,977,295.20	46,074.98	27,895.44	5,949,399.76

355	2/1/2046	5,949,399.76	45,859.96	28,110.46	5,921,289.30
356	3/1/2046	5,921,289.30	45,643.27	28,327.15	5,892,962.15
357	4/1/2046	5,892,962.15	45,424.92	28,545.50	5,864,416.65
358	5/1/2046	5,864,416.65	45,204.88	28,765.54	5,835,651.11
359	6/1/2046	5,835,651.12	44,983.14	28,987.28	5,805,663.83
360	7/1/2046	5,806,663.83	44,759.70	29,210.72	5,777,453.11
361	8/1/2046	5,777,453.11	44,534.53	29,435.89	5,748,017.22
362	9/1/2045	5,748,017.22	44,307.63	29,662.79	5,718,354.43
363	10/1/2046	5,718,354.43	44,078.98	20,891.44	5,688,462.99
364	11/1/2046	5,688,462.99	43,848.57	30,121.85	5,658,341.14
365	12/1/2046	5,658,341.14	43,616.38	30,354.04	5,627,987.10
366	1/1/2047	5,627,987.10	43,382.40	30,588.02	5,597,399.08
367	2/1/2047	5,597,399.08	43,146.62	30,823.80	5,566,575.28
368	3/1/2047	5,566,575.28	42,909.02	81,061.40	5,585,513.88
369	4/1/2047	5,535,513.88	412,669.59	31,300.83	5,504,213.05
370	5/1/2047	5,504,213.05	42,428.31	31,542.11	5,472,670.94
371	6/1/2047	5,472,670.94	42,185.17	31,785.25	5,440,885.69
372	7/1/2047	5,440,885.69	41,940.16	32,030.26	5,408,855.43
373	8/1/2047	5,408,855.43	41,693.26	32,277.16	5,376,578.27
374	9/1/2047	5,376,578.27	41,444.46	32,525.96	5,344,052.31
375	10/1/2047	5,344,052.31	41,193.74	32,776.68	5,311,275.63
376	11/1/2047	5,311,275.63	40,941.08	33,029.34	5,278,246.29
377	12/1/2047	5,278,246.29	40,686.48	33,283.94	5,244,962.35
378	1/1/2048	5,244,962.35	40,429.92	33,540.50	5,211,421.85
379	2/1/2048	5,211,421.85	40,171.38	33,799.04	5,177,622.81
380	3/1/2048	5,177,622.81	39,910.84	34,059.58	5,143,563.23
383.	4/1/2048	5,143,563.23	39,648.30	34,322.12	5,109,241.11
382	5/1/2048	5,109,241.11	39,383.73	34,586.69	5,074,654.42
383	6/1/2048	5,074,654.42	39,117.13	34,853.29	5,039,801.13
384	7/1/2048	5,039,801.13	38,848.47	35,121.95	5,004,679.18
385	8/1/2048	5,004,679.18	38,577.74	35,392.68	4,969,286.50
386	9/1/2048	4,969,286.50	38,304.92	35,665.50	4,933,621.00
387	10/1/2048	4,933,621.00	38,030.00	35,940.42	4,897,680.58
388	11/1/2048	4,897,680.58	37,752.95	36,217.47	4,861,463.11
389	12/1/2048	4,861,463.11	37,473.78	36,496.64	4,824,966.47
390	1/1/2049	4,824,966.47	37,192.45	36,777.97	4,788,188.50
391	2/1/2049	4,788,188.50	36,908.95	37,061.47	4,751,127.03
392	3/1/2049	4,751,127.03	36,623.27	37,347.15	4,713,779.88
393	4/1/2049	4,713,779.88	36,335.39	37,635.03	4,676,144.85
394	5/1/2049	4,676,144.85	36,045.28	37,925.14	4,638,219.71
395	6/1/2049	4,638,219.71	35,752.94	38,217.48	4,600,002.23
396	7/1/2049	4,600,002.23	35,458.35	38,512.07	4,561,490.16
397	8/1/2049	4,561,490.16	35,161.49	38,808.93	4,522,681.23
398	9/1/2049	4,522,681.23	34,862.33	39,108.09	4,483,573.14
399	10/1/2049	4,483,573.14	34,560.88	39,409.54	4,444,163.60
400	11/1/2049	4,444,163.60	34,257.09	39,713.33	4,404,450/27
401	12/1/2049	4,404,450.27	33,950.97	40,019.45	4,364,430.82
402	1/1/2050	4,364,430.82	33,642.49	40,327.93	4,324,102.89
403	2/1/2050	4,324,102.89	33,331.63	40,638.79	4,283,464.10
404	3/1/2050	4,283,464.10	33,018.37	40,952.05	4,242,512.05
405	4/1/2050	4,242,512.05	32,702.70	41,267.72	4,201,244.33
406	5/1/2050	4,201,244.33	32,384.59	41,585.83	4,159,658.50
407	6/1/2050	4,159,658.50	32,064.03	41,906.39	4,117,752.11
408	7/1/2050	4,117,752.11	31,741.01	42,229.41	4,075,522.70
409	8/1/2050	4,075,522.70	31,415.49	42,554.93	4,032,967.77
410	9/1/2050	4,032,967.77	31,087.46	42,882.96	3,990,084.81
411	10/1/2050	3,990,084.81	30,756.90	43,213.52	3,946,871.29
412	11/1/2050	3,946,871.29	30,423.80	43,546.62	3,903,324.67
413	12/1/2050	3,903,324.67	30,088.13	43,882.29	3,859,442.38
414	1/1/2051	3,859,442.38	29,749.87	44,220.55	3,815,221.83
415	2/1/2051	3,815,221.83	29,409.03	44,561.42	3,770,660.41
416	3/1/2051	3,770,660.41	29,065.51	44,004.91	3,725,755.50

417	4/1/2051	3,725,755.50	28,719.37	45,251.05	3,680,504.45
418	5/1/2051	3,680,504.45	28,370.56	45,599.86	3,634,904.59
419	6/1/2051	3,684,904.59	28,019.06	45,951.36	3,588,953.23
420	7/1/2051	3,588,953.23	27,664.85	46,305.57	3,542,647.66
421	8/1/2051	3,542,647.66	27,307.91	46,662.51	3,495,985.15
422	9/1/2051	3,495,985.15	26,948.22	47,022.20	3,448,962.95
423	10/1/2051	3,448,962.95	26,585.76	47,384.66	3,401,578.29
424	11/1/2051	3,401,578.29	26,220.50	47,749.92	3,353,828.37
425	12/1/2051	3,353,828.37	25,852.43	48,117.99	3,305,710.38
426	1/1/2052	3,305,710.38	25,481.52	48,488.90	3,257,221.48
427	2/1/2052	3,257,221.48	25,107.75	48,862.67	3,208,358.81
428	3/1/2052	3,208,358.81	24,731.10	49,239.32	3,159,119.49
429	4/1/2052	3,159,119.49	24,351.55	49,618.87	3,109,500.62
430	5/1/2052	3,109,500.62	23,969.07	50,001.35	3,059,499.27
431	6/1/2052	3,059,499.27	23,583.64	50,386.78	3,009,112.49
432	7/1/2052	3,009,112.49	23,195.24	50,775.18	2,958,337.31
433	8/1/2052	2,958,337.31	22,803.85	51,166.57	2,907,170.74
434	9/1/2052	2,907,170.74	22,409.44	51,560.98	2,855,609.76
435	10/1/2052	2,855,609.76	22,011.99	51,958.43	2,803,651.33
436	11/1/2052	2,803,651.33	21,611.48	52,358.94	2,751,292.39
437	12/1/2052	2,751,292.39	21,207.88	52,762.54	2,698,529.85
438	1/1/2053	2,698,529.85	20,801.17	53,169.25	2,645,360.60
439	2/1/2053	2,615,360.60	20,391.32	53,579.10	2,591,781.50
440	3/1/2053	2,591,781.50	19,978.32	53,992.10	2,537,789.40
441	4/1/2053	2,537,789.40	19,562.13	54,408.29	2,483,381.11
442	5/1/2053	2,483,381.11	19,142.73	54,827.69	2,428,553.42
443	6/1/2053	2,423,553.42	18,720.10	55,250.32	2,373,303.10
444	7/1/2053	2,373,303.10	18,294.21	55,676.21	2,317,626.89
445	8/1/2053	2,317,626.89	17,865.04	56,105.38	2,261,521.51
446	9/1/2053	2,261,521.51	17,432.56	56,537.86	2,204,983.65
447	10/1/2053	2,204,983.65	16,996.75	56,973.67	2,148,009.98
448	11/1/2053	2,148,009.98	16,557.58	57,412.84	2,090,597.14
449	12/1/2053	2,090,597.14	16,115.02	57,855.40	2,032,741.74
450	1/1/2054	2,032,741.74	15,669.05	58,301.37	1,974,440.37
451	2/1/2054	1,974,440.37	15,219.64	58,750.78	1,915,689.59
452	3/1/2054	1,915,689.59	14,766.77	59,203.65	1,856,485.94
453	4/1/2054	1,856,485.94	14,310.41	59,660.01	1,796,825.93
454	5/1/2054	1,796,825.03	13,850.53	60,119.89	1,736,706.04
455	6/1/2054	1,736,706.04	13,387.11	60,583.31	1,676,122.73
456	7/1/2054	1,676,122.73	12,920.11	61,050.31	1,615,072.42
457	8/1/2054	1,615,072.42	12,449.52	61,520.90	1,553,551.52
458	9/1/2054	1,553,551.52	11,075.29	61,995.13	1,491,556.39
459	10/1/2054	1,491,556.39	11,497.41	62,473.01	1,429,083.38
460	11/1/2054	1,429,083.38	11,015.85	62,954.57	1,366,128.81
461	12/1/2054	1,366,128.81	10,530.58	63,439.84	1,302,688.97
462	1/1/2055	1,302,688.97	10,041.56	63,928.86	1,238,760.11
463	2/1/2055	1,238,760.11	9,548.78	64,421.64	1,174,338.47
464	3/1/2055	1,174,338.47	9,052.19	64,918.23	1,109,420.24
465	4/1/2055	1,109,420.24	8,551.78	65,418.64	1,044,001.60
466	5/1/2055	1,044,001.60	8,047.51	65,922.91	978,078.69
467	6/1/2055	978,078.69	7,539.36	66,431.06	911,647.63
468	7/1/2055	911,647.63	7,027.28	66,943.14	844,704.49
469	8/1/2055	844,704.49	6,511.26	67,459.16	777,245.33
470	9/1/2055	777,245.33	5,991.27	67,979.15	709,266.18
471	10/1/2055	709,266.18	5,467.26	68,503.16	640,763.02
472	11/1/2055	640,763.02	4,939.21	69,031.21	571,731.81
473	12/1/2055	571,731.81	4,407.10	69,563.32	502,168.49
474	1/1/2056	502,168.49	3,1370.88	70,099.54	432,068.95
475	2/1/2056	432,068.95	3,330.53	70,639.89	361,429.06
476	3/1/2056	361,429.06	2,786.02	71,184.40	290,244.66
477	4/1/2056	290,244.66	2,237.30	71,733.12	218,511.54
478	5/1/2056	218,511.54	1,684.36	72,286.05	146,225.48
479	6/1/2056	146,225.48	1,127.15	72,843.21	73,382.21
480	6/30/2056	73,382.21	565.65	73,382.21	
			26,191,123.48	9,355,521.00	

MORTGAGE LOAN AGREEMENT

THIS MORTGAGE LOAN AGREEMENT (this "Agreement") is made as of June 14, 2016 ("Closing Date") by and between STORE CAPITAL ACQUISITIONS, LLC, a Delaware limited liability company, and its successors and assigns ("Lender"), whose address is 8501 E. Princess Drive, Suite 190, Scottsdale, Arizona 85255 and **MARQUIS REAL ESTATE HOLDINGS, LLC**, a Delaware limited liability company ("Debtor"), whose address is 3525 Del Mar Heights Road, Suite 765, San Diego, California 92130. Unless otherwise expressly provided herein, all defined terms used in this Agreement shall have the meanings set forth in Exhibit A attached hereto.

In consideration of the mutual covenants and provisions of this Agreement, the parties agree as follows:

Section 1. The Loan. On the terms and subject to the conditions set forth in the Loan Documents, Lender shall make the Loan to Debtor for the sole purposes of providing capital to Debtor to recapitalize, providing working capital, paying closings costs and restructuring existing debt. The aggregate "Loan Amount" shall be \$9,355,521.00. Debtor shall repay the outstanding principal amount of the Loan together with interest thereon, in the manner and in accordance with the terms and conditions of the Note and the other Loan Documents. The Loan shall be advanced at the Closing in cash or otherwise immediately available funds subject to any prorations and adjustments required by this Agreement.

Section 2. Collateral. The Loan will be evidenced by the Note and secured by the Mortgage. Guarantor will provide further security for the Loan by executing and delivering the Guaranty. At Closing, the Land shall be leased by STORE Capital Acquisitions, LLC, as lessor, to Debtor pursuant to the Ground Lease. Guarantor will guaranty the obligations of Debtor under the Ground Lease, as described therein and pursuant to the Guaranty.

Section 3. Escrow Agent. Debtor and Lender hereby employ Title Company to act as escrow agent in connection with the transaction described in this Agreement. Title Company shall not cause the transaction to close unless and until it has received written instructions from Lender and Debtor to do so. Debtor and Lender will deliver to Title Company all documents, pay to Title Company all sums and do or cause to be done all other things necessary or required by this Agreement, in the reasonable judgment of Title Company, to enable Title Company to comply herewith and to issue the title policies described in Section 8(a). Title Company is authorized to pay, from any funds held by it for Lender's or Debtor's respective credit all amounts necessary to procure the delivery of such documents and to pay, on behalf of Lender and Debtor, all charges and obligations payable by them, respectively. Debtor will pay all charges payable by it to Title Company. Title Company is authorized, in the event any conflicting demand is made upon it concerning these instructions or the escrow, at its election, to hold any documents and/or funds deposited hereunder until an action shall be brought in a court of competent jurisdiction to determine the rights of Debtor and Lender or to interplead such documents and/or funds in an action brought in any such court. Deposit by Title Company of such documents and funds, after deducting therefrom its charges and its expenses and attorneys' fees incurred in connection with any such court action, shall relieve Title Company of all further liability and responsibility for such documents and funds. Title Company's receipt of this Agreement and opening of an escrow pursuant to this Agreement shall be deemed to constitute conclusive evidence of Title Company's agreement to be bound by the terms and conditions of this Agreement pertaining to Title Company. Disbursement of any funds shall be made by check, certified check or wire transfer, as directed by Debtor and Lender. Title Company shall be under no obligation to disburse any funds represented by check or draft, and no check or draft shall constitute payment to Title Company in compliance with any of the requirements hereof, until it is advised by the bank in which such check or draft is deposited, that such check or draft has been honored. Title Company is authorized to act upon any statement furnished by the holder or payee, or a collection agent for the holder or payee, of any lien on or charge or assessment in connection with the Property, concerning the amount of such charge or assessment or the amount secured by such lien, without liability or responsibility for the accuracy of such statement. The employment of Title Company as escrow agent shall not affect any rights of subrogation under the terms of any title policy issued pursuant to the provisions thereof.

Section 4. Representations and Warranties of Debtor. The representations and warranties of Debtor contained herein are being made by Debtor as of the date of this Agreement and the Closing Date to induce Lender to enter into this Agreement and consummate the transactions contemplated herein, and shall survive Closing. Debtor represents and warrants to Lender as follows:

(a) **Organization and Authority.** Debtor is duly organized or formed, validly existing and in good standing under the laws of its state of formation, and qualified to do business in any jurisdiction where the failure to be qualified would reasonably be expected to result in a Material Adverse Effect. All necessary action has been taken to authorize the execution, delivery and performance of this Agreement and the other Loan Documents. The Person(s) who have executed this Agreement on behalf of Debtor are duly authorized so to do. Debtor is not, and if Debtor is a "disregarded entity," the owner of such disregarded entity is not, a "nonresident alien," "foreign corporation," "foreign partnership," "foreign trust," "foreign estate," or any other "person" that is not a "United States Person" (as those terms are defined by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder). Debtor's U.S. Federal Tax Identification number, organization identification number and principal place of business are correctly set forth on the signature page of this Agreement. None of the Debtor Parties, and no individual or entity owning directly or indirectly any interest in any of the Debtor Parties, is an individual or entity whose property or interests are subject to being blocked under any of the OFAC Laws and Regulations or is otherwise in violation of any of the OFAC Laws and Regulations.

(b) **Enforceability of Documents.** Upon execution by the Debtor Parties, as applicable, this Agreement and the other Loan Documents shall constitute the legal, valid and binding obligations of the Debtor Parties, respectively, enforceable against the Debtor Parties in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, and general principles of equity.

(c) **Litigation.** There are no suits, actions, proceedings or investigations pending or, to the best of Debtor's knowledge, threatened, against or involving the Debtor Parties or the Property before any arbitrator or Governmental Authority, except for such suits, actions, proceedings or investigations which, individually or in the aggregate, have not had, and would not reasonably be expected to result in a Material Adverse Effect.

(d) **Absence of Breaches, Defaults or Other Rights.** (i) The Debtor Parties are not; (ii) the authorization, execution, delivery and performance of this Agreement and the other Loan Documents will not result; and (iii) no condition exists or no event has occurred, which, with the lapse of time, if not cured, or with the giving of notice, or both, would result, in any breach or default under any other document, instrument or agreement to which the Debtor Parties are a party or by which the Debtor Parties, the Property or any of the property of the Debtor Parties is subject or bound, except for such breaches or defaults which, individually or in the aggregate, have not had, and would not reasonably be expected to result in, a Material Adverse Effect. The authorization, execution, delivery and performance of this Agreement and the other Loan Documents will not violate any Legal Requirement. No Debtor Party or the Property is subject to any commitment, obligation or agreement, including, without limitation, any right of first refusal, option to purchase or lease granted to a third party, which could or would prevent or hinder Lender in making the Loan or exercising any of its rights or remedies under the Loan Documents or prevent or hinder Debtor from fulfilling its obligations under this Agreement or the other Loan Documents.

(e) **Financial Information.** Debtor has delivered to Lender the Financial Information, which Financial Information is true, correct and complete in all material respects and there have been no amendments to the Financial Information since the date of preparation or delivery thereof to Lender. Debtor understands that Lender is relying upon such Financial Information and Debtor represents that such reliance is reasonable. All financial statements included in the Financial Information were prepared in accordance with GAAP and accurately reflect as of the Closing Date, the financial condition of each individual or entity to which they pertain. No change has occurred with respect to the financial condition of the Debtor Parties or the Property as reflected in the Financial Information which has not been disclosed in writing to Lender or has had, or could reasonably be expected to result in, a Material Adverse Effect.

(f) **No Insolvency Event.** There is no actual Insolvency Event or, to Debtor's knowledge, any threatened Insolvency Event.

(g) **Title; First Priority Lien.** Fee title to the Property is vested in Debtor, free and clear of all liens, encumbrances, charges and security interests of any nature whatsoever, except the Permitted Exceptions. Upon Closing, Lender shall have a first priority lien upon and security interest in the Property pursuant to the Mortgage.

(h) **No Mechanics' Liens.** There are no delinquent accounts payable or mechanics' liens in favor of any materialman, laborer, or any other person or entity in connection with labor or materials furnished to or performed on any portion of the Property, and no work has been performed or is in progress nor have materials been supplied to the Property or agreements entered into for work to be performed or materials to be supplied to the Property prior to the date hereof, which will be delinquent on or before the Closing Date.

(i) **Leases.** Debtor has delivered to Lender true, correct and complete copies of the Leases relating to the Property. The Leases are the only leases with respect to the Property, are in full force and effect, and constitute the legal, valid and binding obligations of the parties thereto, enforceable against such parties in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, liquidation, reorganization and other laws affecting the rights of creditors generally and general principles of equity. Debtor has not assigned, transferred, mortgaged, hypothecated or otherwise encumbered the Leases or any rights thereunder or any interest therein. No event has occurred and no condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by Debtor under the Leases.

(j) **Licenses and Permits.** Debtor has all required licenses and permits, both governmental and private, to use and operate the Property as a Permitted Facility.

(k) **Utilities; Zoning; Compliance with Laws; Access; Condemnation; Wetlands.** Adequate public utilities are available at the Property to permit utilization of the Property as a Permitted Facility and all utility connection fees and use charges will have been paid in full prior to delinquency. The Property is in compliance with all applicable zoning requirements and the use of the Property as a Permitted Facility does not constitute a nonconforming use under applicable zoning requirements. Debtor and the Property are in compliance with all Legal Requirements, except for such noncompliance which has not had, and would not reasonably be expected to result in, a Material Adverse Effect. Adequate rights of access to public roads and ways are available to the Property for unrestricted ingress and egress, and otherwise to permit utilization of the Property for use as a Permitted Facility, and all such public roads and ways have been completed and dedicated for public use. No condemnation or eminent domain proceedings affecting the Property has commenced or, to the best of Debtor's knowledge, are contemplated. The Property is not and, to the best of Debtor's knowledge, none of the real property bordering the Property, is designated as a wetlands by any Governmental Authority.

(l) **Condition.** The Property is in good condition and repair, well maintained (ordinary wear and tear excepted), fully equipped and operational, free from structural defects to Debtor's knowledge, safe and properly lighted.

(m) **Environmental.** Debtor hereby fully incorporates each and every representation, warranty, covenant and indemnity made by Debtor to Lender in the Environmental Indemnification Agreement as if fully set forth herein.

(n) **OFAC Compliance.** No portion of the Property has been or will be purchased, improved, equipped or furnished with proceeds of any illegal activity. Debtor, and to the best of Debtor's knowledge, after having made diligent inquiry, (i) each person or entity owning an interest in each Debtor Party and the Property; (ii) the property manager, if any, of the Property; and (iii) each tenant and subtenant at the Property: (A) is not currently identified on the OFAC List, and (B) is not a person or entity with whom a citizen of the United States is prohibited from engaging in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation or Executive Order of the President of the United States.

(o) **Representations and Warranties.** No statement of fact made herein or in any of the other Loan Documents contains any untrue statement of a material fact. There is no fact presently known to Debtor which has not been disclosed in writing to Lender which has or is likely to have a Material Adverse Effect.

Section 5. Covenants. Debtor covenants to Lender from and after the Closing Date as follows:

(a) **Payment of the Note.** Debtor shall punctually pay, or cause to be paid, the principal, interest and all other sums to become due in respect of the Note and the other Loan Documents in accordance with the terms set forth in the Note. If the Note is mutilated, destroyed, lost or stolen (a "Lost Note"), Debtor shall promptly deliver to Lender, upon receipt of an affidavit from Lender stipulating that such Note has been mutilated, destroyed, lost or stolen, in substitution therefor, a new promissory note containing the same terms and conditions as such Lost Note with a notation thereon of the unpaid principal and accrued and unpaid interest. Debtor shall provide 15 days' prior notice to Lender before making any payments to third parties in connection with a Lost Note.

(b) **Organization and Status of Debtor; Preservation of Existence.** Each Debtor Party (excluding natural persons) (i) shall be validly existing and in good standing under the laws of its state of incorporation or formation; (ii) as applicable, shall be qualified to do business in the state where the Property is located; and (iii) shall be qualified as a foreign corporation, partnership or limited liability company in any other jurisdiction where the failure to be qualified would reasonably be expected to result in a Material Adverse Effect. Debtor shall preserve its current form of organization and shall not change its legal name or its state of formation. Debtor shall not dissolve or liquidate, in whole or in part. In addition, Debtor shall require, and shall take reasonable measures to comply with the requirement, that no individual or entity owning directly or indirectly any interest in any Debtor Party or the Property is an individual or entity whose property or interests are subject to being blocked under any of the OFAC Laws and Regulations or is otherwise in violation of any of the OFAC Laws and Regulations.

(c) **Separateness.** Debtor shall comply with, and insert the following restrictions in its operating agreement, and such documents shall provide that until all of Debtor's obligations under this Agreement and the other Loan Documents are unconditionally and completely satisfied, such provisions shall not be amended without Lender's prior written consent (which may be withheld in its absolute discretion):

(i) Debtor shall at all times maintain correct and complete books and records of account separate from all other Persons. Where necessary or appropriate, Debtor shall disclose the nature of the transaction contemplated by the Loan Documents and Debtor's independent status to its creditors. Debtor shall not own or lease any assets other than the Property, nor engage in any business other than owning and leasing the Property, including financing of the Property with Lender. Debtor shall not commingle its assets and its liabilities with those of any other Person.

(ii) Debtor shall maintain its own checking account or accounts with commercial banking institutions separate from other Persons.

(iii) Debtor shall not form, or cause to be formed, any subsidiaries.

(iv) To the extent that Debtor shares the same employees with other Persons, the salaries of and the expenses related to providing benefits to such employees, at all times shall be, fairly and nonarbitrarily allocated among such Persons, with the result that each such Person shall bear its fair share of the salary and benefit costs associated with all such common employees.

(v) To the extent that Debtor jointly contracts with other Persons to do business with vendors or service providers or to share overhead expenses, the costs incurred in so doing at all times shall be, fairly and nonarbitrarily allocated among such Persons, with the result that each such Person shall bear its fair share of such costs. To the extent that Debtor contracts or does business with vendors or service providers where the goods or services provided are or shall be partially for the benefit of other Persons, the costs incurred in so doing at all times shall be, fairly and nonarbitrarily allocated to or among such Persons for whose benefit the goods or services are provided, with the result that each such Person shall bear its fair share of such costs. All transactions between Debtor and other Persons shall be only on an arm's-length basis.

(vi) To the extent that Debtor or other Persons have offices in the same location, there shall be a fair, appropriate and nonarbitrary allocation of overhead among them, with the result that each such Person shall bear its fair share of such expenses.

(vii) Debtor shall not incur any indebtedness, secured or unsecured, direct or indirect, absolute or contingent (including guaranteeing any obligation or assuming liability for the debts of any other Person and Debtor will not hold itself out as being liable for the debts of any other Person), other than the Loan and trade and operational debt incurred in the ordinary course of business with trade creditors and in amounts as are normal and reasonable under the circumstances. No indebtedness other than the Loan may be secured (subordinate or *pari passu*) by the Property or any portion thereof.

(viii) Unless otherwise approved by Lender, Debtor shall not enter into any contract or agreement with any Affiliate of Debtor, any constituent party of Debtor or any Affiliate of any constituent party of Debtor except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm's-length basis with third parties other than any such party.

(ix) Except as contemplated by the Loan Documents, Debtor shall not pledge, grant any security interest in, hypothecate or otherwise encumber its assets for the benefit of any other Persons.

(x) Debtor shall issue separate financial statements prepared not less frequently than annually and prepared according to GAAP. To the extent Debtor's financial statements are consolidated or combined with any Guarantor, or any Affiliate of any Guarantor, Debtor shall cause such consolidated or combined financial statements to contain a footnote indicating the separate existence of Debtor and state that the assets of Debtor shall not be available to creditors of such Guarantor, or any Affiliate of such Guarantor.

(xi) Debtor shall maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character in light of its contemplated business operations.

(xii) Debtor shall conduct its affairs strictly in accordance with its organizational documents and shall observe all necessary, appropriate and customary formalities. The books, records and accounts of Debtor shall at all times be maintained in a manner permitting the assets and liabilities of Debtor to be easily separated and readily ascertained from those of any other Person and Debtor shall file its own tax returns.

(xiii) Debtor shall not hold itself out to the public or to any of its individual creditors as being a unified entity with assets and liabilities in common with any other Person, nor shall Debtor hold itself out as being liable for the debts of any other Person. Debtor shall maintain and utilize separate stationery, invoices and checks.

(xiv) Debtor shall not make any loans or advances to any third party (including any Affiliate of Debtor or constituent party of Debtor).

(xv) Debtor shall not amend, alter, change or repeal its governing documents, including its certificate of formation and operating agreement, or any provision therein, nor change the law pursuant to which it will be governed without the consent of Lender. Debtor shall not change its primary business existing as of the date of this Agreement nor engage in any business or activity other than its primary business existing as of the date of this Agreement.

(xvi) Subject to Section 5(b), Debtor shall give Lender 30 days' prior written notice of any change in Debtor's chief place of business and/or chief executive office, name or corporate structure.

(xvii) Debtor shall not, as to itself or as to other Persons, (A) commence any case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to Debtor or other Persons or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to Debtor or its debts or other Persons or their debts; or (8) seek appointment of a receiver, trustee, custodian or other similar official for Debtor or for all or any substantial part of its or other Person's assets or make a general assignment for the benefit of Debtor's creditors. Debtor shall not take any action in furtherance of, or indicating its consents to, approval of or acquiescence in, any of the acts set forth above. Debtor shall not be unable to, or admit in writing its inability to, pay its debts.

(xviii) Debtor shall have at least one Independent Manager who, upon voting on any matter set forth in Section 5(c) (xvii) hereof, shall take into account the interests of Lender.

(xix) Debtor shall not, without the unanimous affirmative vote of all members of Debtor, including the Independent Manager, and simultaneous notice to Lender and any applicable rating agency, institute proceedings to have Debtor adjudicated bankrupt or insolvent; consent to the insolvency, bankruptcy, debtor relief, dissolution, liquidation, reorganization or similar proceedings against Debtor; file a petition or consent to a petition seeking reorganization or relief for Debtor under any applicable federal or state law relating to bankruptcy or insolvency; consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of Debtor, or a substantial part of the property of Debtor; make any assignment for the benefit of creditors; except as required by law, admit in writing the inability of Debtor to pay its debts generally as they become due; or take any action in furtherance of any of the actions listed above.

(xx) Debtor shall not cause or allow its members to take any action requiring the unanimous affirmative vote of 100% of Debtor's members unless an Independent Manager shall have participated in such vote.

(xxi) Debtor shall not have any assets other than those related to the Property.

(d) **No Equity Transfer or Pledge.** Without limiting the terms and conditions of the Mortgage, Debtor agrees that, from and after the Closing Date and until all of the obligations under this Agreement, the Note and the other Loan Documents are satisfied in full (the "Obligations"); (i) Debtor shall not assign, transfer, or convey any voting stock, partnership interests, membership interests or other equitable and/or beneficial interests in any Debtor Party (an "Equity Transfer"), whether by operation of law or otherwise without the prior written consent of Lender, which consent will not be unreasonably withheld, considering such matters as the experience and financial strength of any such party acquiring an interest in Debtor; and (ii) no interest in Debtor shall be pledged, encumbered, hypothecated or assigned as collateral for any obligation of any of the Debtor Parties (each, a "Pledge") without the prior written consent of Lender, such consent not to be unreasonably withheld, conditioned or delayed. In addition, no interest in Debtor, or in any individual or person owning directly or indirectly any interest in any of the Debtor Parties, shall be transferred, assigned or conveyed to any individual or person whose property or interests are subject to being blocked under any of the OFAC Laws and Regulations and/or who is in violation of any of the OFAC Laws and Regulations, and any such transfer, assignment or conveyance shall not be effective until the transferee has provided written certification to Debtor and Lender that (A) the transferee or any person who owns directly or indirectly any interest in transferee, is not an individual or entity whose property or interests are subject to being blocked under any of the OFAC Laws and Regulations or is otherwise in violation of the OFAC Laws and Regulations; and (B) the transferee has taken reasonable measures to assure that any individual or entity who owns directly or indirectly any interest in transferee, is not an individual or entity whose property or interests are subject to being blocked under any of the OFAC Laws and Regulations or is otherwise in violation of the OFAC Laws and Regulations. Lender's consent to an Equity Transfer and/or Pledge shall be subject to the satisfaction of such conditions as Lender shall reasonably determine, including, without limitation, (1) the execution and delivery of such modifications to the terms of the Loan Documents as Lender shall request, (2) the proposed Equity Transfer and/or Pledge having been approved by each of the rating agencies which have issued ratings in connection with any Securitization of the Loan as well as any other rating agency selected by Lender, and (3) the proposed transferee having agreed to comply with all of the terms and conditions of the Loan Documents (including any modifications requested by Lender pursuant to clause (1) above). In addition, any such consent shall be conditioned upon payment by Debtor to Lender of (aa) a fee equal to .5% of the then outstanding principal balance of the Note; and (bb) all out-of-pocket costs and expenses incurred by Lender in connection with such consent, including, without limitation, reasonable attorneys' fees. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Obligations immediately due and payable upon an Equity Transfer or Pledge in violation of this Section. The provisions of this Section shall apply to every Equity Transfer or Pledge regardless of whether voluntary or not, or whether or not Lender has consented to any previous Equity Transfer or Pledge.

(e) **Title.** Debtor shall maintain good and marketable fee simple title to the Property, free and clear of all liens, encumbrances, charges and other exceptions to title, except the Permitted Exceptions. Lender shall have a valid first lien upon and security interest in the Property (but expressly excluding the Tangible Personal Property), pursuant to the Mortgage.

(f) **Mechanics' Liens.** Debtor shall be responsible for any and all claims for mechanics' liens and accounts payable that have arisen or may subsequently arise due to agreements entered into for and/or any work performed on, or materials supplied to the Property whether arising prior to or after the Closing Date. Debtor shall and does hereby agree to defend, indemnify and forever hold Lender and Lender's designees harmless for, from and against any and all such mechanics' lien claims, accounts payable or other commitments relating to the Property.

(g) **No Encroachments.** The improvements located on the Property shall not encroach upon or overhang any easement or right-of-way or the land of others (except to the extent permitted or not prohibited by such easement or right-of-way or the beneficiaries thereof).

(h) **Compliance; Environmental.** The use and occupation of the Property, and the condition thereof, shall comply with all Legal Requirements in all material respects now or hereafter in effect. In addition, the Debtor Parties shall comply with all Legal Requirements now or hereafter in effect, including, without limitation, the OFAC Laws and Regulations, the Americans With Disabilities Act of 1990, and all regulations related thereto, as amended from time to time, and all Anti-Money Laundering Laws, and anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect. Debtor hereby fully incorporates each and every agreement, covenant and indemnity made by Debtor to Lender in the Environmental Indemnification Agreement as if fully set forth herein. Debtor shall immediately notify Lender in writing if any individual or entity owning directly or indirectly any interest in any of the Debtor Parties or any director, officer, member, manager or partner of any of such holders is an individual or entity whose property or interests are subject to being blocked under any of the OFAC Laws and Regulations or is otherwise in violation of any of the OFAC Laws and Regulations, or is under investigation by any governmental entity for, or has been charged with, or convicted of, drug trafficking, terrorist-related activities or any violation of Anti-Money Laundering Laws, has been assessed civil penalties under these or related laws, or has had funds seized or forfeited in an action under these or related laws.

(i) **Taxes.** Any and all payments by Debtor hereunder or under the Note or any other Loan Document shall be made free and clear of and without deduction or withholding for or on account of any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, and Debtor shall be liable for all present or future taxes, franchise taxes, levies, imposts, deductions, charges or withholdings, and all liabilities arising from Lender having executed, delivered, made advances under or received a payment under, or enforced, this Agreement, the Note or any other Loan Document (each, individually, a "Tax" and, collectively, the "Taxes"). Debtor shall file all material tax returns when due and shall pay and discharge when due all Taxes, assessments and governmental charges or levies imposed upon it or upon its properties; *provided, however*, that Debtor shall not be required to pay or discharge any Tax, assessment, charge or levy that is being contested in good faith and by proper proceedings and with respect to which reserves, in accordance with GAAP, are being maintained by Debtor. Debtor agrees to indemnify Lender for the full amount of Taxes paid by Lender and any liability (including without limitation, penalties, interest and expenses if incurred due to Debtor's failure to timely or properly pay the same) arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally asserted.

(j) **Financial Information.**

(i) **Financial Statements.** Within thirty (30) days after the end of each fiscal quarter and within one hundred twenty (120) days after the end of each fiscal year of Debtor and Debtor Reporting Entities, Debtor shall deliver to Lender complete (and audited in the case of year-end statements) consolidated financial statements that consolidate Debtor and Debtor Reporting Entities, including a balance sheet, profit and loss statement, statement of stockholders' equity and statement of cash flows and all other related schedules for the fiscal period then ended, such statements to detail separately interest expense, income taxes, non-cash expenses, non-recurring expenses, operating lease expense and current portion of long-term debt - capital leases. All such financial statements shall be prepared in accordance with GAAP, and shall be certified to be accurate and complete by an officer or director of each Debtor Reporting Entity.

(ii) In addition, in the event Debtor Reporting Entities operate fifteen (15) or more locations (seven (7) in addition to the Properties under the Lease), Debtor and Debtor Reporting Entities shall provide income statements for the business at each of the Properties within thirty (30) days after the end of each fiscal quarter and one hundred and twenty (120) days after the end of each fiscal year; and in such event (15 or more locations) and if Debtor's business at the Properties is ordinarily consolidated with other business for financial statements purposes, a separate profit and loss statement shall be provided showing separately the sales, profits and losses pertaining to each Property with interest expense, income taxes, non-cash expenses, non-recurring expenses and operating lease expense (rent), with the basis for allocation of overhead or other charges being clearly set forth in accordance with Exhibit D.

(iii) **Other Information.** Notwithstanding any provision contained herein, upon request at any time, Debtor will provide to Lender any and all financial information and/or financial statements of Debtor Reporting Entities (and in the form or forms) as reasonably requested by Lender if such request is required in connection with Lender's filings with or disclosures to any Governmental Authority, including, without limitation, the financial statements required in connection with Securities and Exchange Commission filings by Lender or its Affiliates.

(i) **(iv) Leases; Authorization.** Debtor shall also cause to be delivered to Lender copies of any financial statements required to be delivered to Debtor or any other tenants of the Property. Upon reasonable request by Lender, Debtor hereby authorizes its officers and outside financial advisors and auditors to discuss with Lender the affairs of Debtor and Debtor will provide written notice to its auditors of such authorization. Debtor agrees to arrange, with reasonable prior notice and at reasonable times, meetings with Lender, Debtor and Debtor's auditors.

(k) **Leases.** The Leases shall not be modified, amended, terminated, cancelled or surrendered without Lender's prior written consent.

(1) **Inspections.** Debtor shall, at all reasonable times, (i) provide Lender and Lender's officers, employees, agents, advisors, attorneys, accountants, architects, consultants and engineers with access to the Property, all drawings, plans, and specifications for the Property in possession of any of the Debtor Parties, all engineering reports relating to the Property in the possession of any of the Debtor Parties, the files, correspondence and documents relating to the Property, and the financial books and records, including lists of delinquencies, relating to the ownership, operation, and maintenance of the Property (including, without limitation, any of the foregoing information stored in any computer files); and (ii) allow such persons to make such inspections, tests, copies, and verifications as Lender considers necessary.

(m) **Maintenance of the Property.** Debtor shall at all times keep and maintain the Property in good order, repair and condition and will promptly replace any part thereof that from time to time may become obsolete, badly worn or in a state of disrepair or, if supplies, be consumed in the normal course of Debtor's business operations. Debtor shall promptly give written notice to Lender of the cessation of Debtor's business operations, or any part thereof, and of any loss or damage by fire or other casualty to any substantial part of the Property. Debtor shall keep the Property on the Land.

Section 6. Survival. Except for the conditions of Closing set forth in Section 8 hereof, which shall be satisfied or waived as of the Closing Date, all representations and warranties of Debtor and Lender set forth in this Agreement shall be and will remain true and complete as of the Closing Date (or if later, the date on which the Loan is disbursed), and as of any future date or time contemplated by any such representation or warranty. All covenants, agreements, obligations and indemnities of Debtor and Lender set forth in this Agreement shall be and will remain true and complete as of and subsequent to the Closing Date as if made and restated in full as of such time, and shall survive the Closing.

Section 7. Actions by Lender. Debtor agrees that, subject to the provisions of Section 9(c) hereof, Lender may, at its option, and without any obligation to do so, pay, perform, and discharge any and all amounts, costs, expenses and liabilities that are the responsibility of Debtor under this Agreement or the other Loan Documents if Debtor fails to timely pay, perform or discharge the same, and all amounts expended by Lender in so doing or in respect of or in connection with the Mortgaged Property shall become part of the obligations secured by the Loan Documents and shall be immediately due and payable by Debtor to Lender upon demand therefor and shall bear interest at the Default Rate. Debtor agrees that, except as specifically amended, released or otherwise agreed to in writing by Lender, the Loan Documents shall remain in full effect, without waiver or surrender of any of Lender's rights thereunder, notwithstanding any one or more of the following: (a) extension of the time of payment of the whole or any part of the Note; (b) any change in the terms and conditions of the Note; (c) substitution of any other evidence of indebtedness for the Note; (d) acceptance by Lender of any collateral or security of any kind for the payment of the Note; (e) surrender, release, exchange or alteration of any Mortgaged Property or other security, either in whole or in part; or (f) release, settlement, discharge, compromise, change or amendment, in whole or in part, of any claim of Lender against Debtor or any other guarantors or other party secondarily or additionally liable for the payment of the Note.

Section 8. Closing Conditions. The obligation of Lender to consummate the transaction contemplated by this Agreement is subject to the fulfillment or waiver of each of the following conditions:

(a) **Title.** Title to the Property shall be vested in Debtor, free of all liens, encumbrances, restrictions, encroachments and easements, except the Permitted Exceptions and the liens created by the Mortgage. Lender shall have received for the Property a preliminary title report and irrevocable commitment to insure title in the amount of the Loan relating to the Property by means of a mortgagee's, ALTA extended coverage policy of title insurance (or its equivalent, in the event such form is not issued in the jurisdiction where the Property is located) issued by Title Company showing Debtor vested with good and marketable title fee title in the Property, committing to insure Lender's first priority lien upon and security interest in the Property subject only to Permitted Exceptions, and containing such endorsements as Lender may require.

(b) **Condition of Property.** Lender shall have inspected and approved, in its sole discretion, the Property.

(c) **Survey.** Lender shall have received a current "as-built" ALTA survey of the Property, the form and substance of which shall be satisfactory to Lender in its sole discretion. Debtor shall have provided Lender with evidence satisfactory to Lender that the location of the Property is not within the 100-year flood plain or identified as a special flood hazard area as defined by the appropriate Governmental Authority, or if any Property is located in such a flood plain or special flood hazard area, Debtor shall provide Lender with evidence of flood insurance maintained on such Property in amounts and on terms and conditions satisfactory to Lender.

(d) **Environmental.** Lender shall have completed such environmental due diligence of the Property as it deems necessary or advisable in its sole discretion, including without limitation, its review and approval of a Phase I environmental report (and a Phase II environmental report, if necessary), for the Property, along with reliance letters issued for the benefit of Lender, and Lender shall have approved the environmental condition of the Property in its sole discretion.

(e) **Valuations.** Lender shall have completed such site inspections and valuations of the Property as it deems necessary or advisable in its sole discretion for the Property and Lender shall have approved the valuation of the Property in its sole discretion.

(f) **Zoning.** Debtor shall have provided Lender with evidence satisfactory to Lender that the Property is properly zoned for use as a Permitted Facility and that such use constitutes a legal, conforming use under applicable zoning requirements.

(g) **Compliance with Representations, Warranties and Covenants.** All obligations of Debtor under this Agreement shall have been fully performed and complied with, and no event shall have occurred or condition shall exist which would, upon the Closing Date, or upon the giving of notice and/or passage of time, constitute a breach or default hereunder or under the Loan Documents, or any Other Agreement, pertaining to the subject matter hereof, and no event shall have occurred or condition shall exist or information shall have been disclosed by Debtor or discovered by Lender which has had or would have a Material Adverse Effect on the Property, the Mortgaged Property, the Debtor Parties or Lender's willingness to consummate the transaction contemplated by this Agreement, as determined by Lender in its sole and absolute discretion.

(h) **Proof of Insurance.** Debtor shall have delivered to Lender certificates of insurance and copies of insurance policies showing that all insurance coverages and limits as set forth on Exhibit C attached hereto, attached hereto and incorporated herein, are in full force and effect.

(i) **Opinions of Counsel.** Debtor shall have caused the preparation and delivery of the Opinions of Counsel.

(j) **Evidence of Ownership; Searches.** Intentionally deleted.

(k) **Taxes; Other Assessments.** Debtor shall have paid all Taxes and other assessments and charges relating to the Property which are due and payable on or prior to the Closing Date as well as Taxes and other assessments and charges due and payable subsequent to the Closing Date but which Title Company requires to be paid at Closing as a condition to the issuance of the title insurance policy described in Section 8(a).

(l) **Certificates; Organizational Documents.** Debtor shall have delivered to Lender certificates reasonably requested by Lender, in form and substance satisfactory to Lender, dated as of the date hereof, with appropriate insertions and attachments, including, without limitation, certified copies of all organizational documents of Debtor; good standing certificates from the state of formation with respect to the Debtor Parties, and appropriate resolutions and/or consents authorizing the transactions contemplated by the Loan Documents.

(m) **Guaranty.** Debtor shall cause to be delivered to Lender the Guaranty executed by each Guarantor with respect to the Loan.

(n) **Leases; Subordination Agreements.** Debtor shall have executed and delivered the Leases and the Subordination Agreements, in form and substance reasonably satisfactory to Lender.

(o) **Closing Documents.** At or prior to the Closing Date, Lender and the Debtor Parties, as may be appropriate, shall have executed and delivered or shall have caused to be executed and delivered to Lender, or as Lender may otherwise direct, the Loan Documents and such other documents, payments, instruments and certificates, as Lender may require in form acceptable to Lender, include.

(p) **Updated Financial Information.** Prior to the Closing Date, Lender shall have received satisfactory financial statements of Debtor, each Guarantor and such other financial information as reasonably requested by Lender.

Upon fulfillment or waiver of all of the above conditions, Lender shall deposit funds necessary to close this transaction with Title Company and this transaction shall close in accordance with the terms and conditions of this Agreement.

Section 9. Default. Each of the following shall be deemed an event of default by Debtor (each, an "Event of Default"):

(a) If any material representation or warranty of any Debtor Party set forth in any of the Loan Documents is false in any respect.

(b) If any principal, interest or other monetary sum due under the Note, the Mortgage or any other Loan Document is not paid when due; *provided, however*, any technical issues by Lender's or Debtor's banking institution resulting in the failure of the ACH payment by Debtor (and not caused in any manner by Debtor) shall not be deemed an Event of Default hereunder.

(c) If Debtor fails to observe or perform any of the other covenants, conditions, or obligations of this Agreement or the other Loan Documents; *provided, however*, if any such failure is within the reasonable power of Debtor to promptly cure after receipt of notice thereof, all as determined by Lender in its reasonable discretion, then such failure shall not constitute an Event of Default hereunder, unless otherwise expressly provided herein, unless and until Lender shall have given Debtor notice thereof and a period of 30 days shall have elapsed, during which period Debtor may correct or cure such failure, upon failure of which an Event of Default shall be deemed to have occurred hereunder without further notice or demand of any kind being required. If such failure cannot reasonably be cured within such 30-day period, as determined by Lender in its reasonable discretion, and Debtor is diligently pursuing a cure of such failure, then Debtor shall have a reasonable period to cure such failure beyond such 30- day period, which shall not exceed 90 days after receiving notice of the failure from Lender. If Debtor shall fail to correct or cure such failure within such period, an Event of Default shall be deemed to have occurred hereunder without further notice or demand of any kind being required.

(d) If there is any Insolvency Event.

(e) If there is an "Event of Default" under any other Loan Document or the Ground Lease, after the passage of all applicable notice and cure or grace periods.

(f) If one of the Lender Entities does not acquire fee title to the Property upon expiration or termination of the Ground Lease (except in the case of the Purchase Option as set forth in Section 18.01 of the Ground Lease).

Section 10. Remedies. Upon the occurrence of an Event of Default, Lender may declare all or any part of the obligations of Debtor under this Agreement, the Note and any other Loan Document to be due and payable, and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind except as otherwise expressly provided herein, and Debtor hereby waives notice of intent to accelerate the obligations secured by the Mortgage and notice of acceleration. Thereafter, Lender may exercise, at its option, concurrently, successively or in any combination, all remedies available at law or in equity, including without limitation any one or more of the remedies available under the Note, the Mortgage or any other Loan Document. Neither the acceptance of this Agreement nor its enforcement shall prejudice or in any manner affect Lender's right to realize upon or enforce any other security now or hereafter held by Lender, it being agreed that Lender shall be entitled to enforce this Agreement and any other security now or hereafter held by Lender in such order and manner as it may in its absolute discretion determine. No remedy herein conferred upon or reserved to Lender is intended to be exclusive of any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to Lender, or to which Lender may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Lender.

Section 11. Lender Assignments.

(a) Lender may assign in whole or in part its rights under this Agreement and the other Loan Documents, including, without limitation, in connection with any Securitization. Upon any unconditional assignment of Lender's entire right and interest hereunder, Lender shall automatically be relieved, from and after the date of such assignment, of liability for the performance of any obligation of Lender contained herein. On and after the date of any assignment, then, (i) all references to Lender in this Agreement and the other Loan Documents shall include such assignee or assignees to the extent of such assignment; (ii) all notices required to be delivered to Lender under this Agreement and the other Loan Documents shall be delivered to such assignee; and (iii) any action permitted to be taken by Lender hereunder, including, without limitation, pursuant to Section 10 of this Agreement, may be taken by such assignee or assignees.

(b) In the event that any CP Conduit is an assignee or the holder of a security interest in any of Lender's rights under this Agreement and the other Loan Documents, then to the extent set forth in any notice thereof provided to Debtor, the parties hereto acknowledge and agree that any agent for such CP Conduit or its creditors may act on behalf of such CP Conduit (or its creditors, as applicable) hereunder for purposes of all consents, amendments, waivers and other actions permitted or required to be taken, delivered or performed by such CP Conduit (or its creditors, as applicable) in accordance with the commercial paper program documentation and related credit enhancement documentation governing such CP Conduit.

Section 12. No Debtor Assignments. Except as set forth in Section 14.02 of the Ground Lease, Debtor shall not, without the prior written consent of Lender, (such consent not to be unreasonably withheld, conditioned or delayed), sell, assign, transfer, mortgage, convey, encumber or grant any easements or other rights or interests of any kind in the Property, any of its rights or obligations under this Agreement or the other Loan Documents, or any interest in Debtor, whether voluntarily, involuntarily or by operation of law or otherwise, including, without limitation, by merger, consolidation, dissolution or otherwise.

Section 13. Securitizations and Other Transactions.

(a) As a material inducement to Lender's willingness to complete the transactions contemplated by this Agreement and the other Loan Documents, Debtor hereby acknowledges and agrees that Lender may, from time to time and at any time, (i) advertise, issue press releases, send direct mail or otherwise disclose information regarding the transaction contemplated herein for marketing purposes; and (ii) engage in all or any combination of the following, or enter into agreements in connection with any of the following or in accordance with requirements that may be imposed by applicable securities, tax or other laws: (A) the sale, assignment, grant, conveyance, transfer, financing, re-financing, purchase or re-acquisition of the Note, this Agreement or any other Loan Document, Lender's right, title and interest in the Note, this Agreement or any other Loan Document, the servicing rights with respect to any of the foregoing, or participations in any of the foregoing; or (B) a Securitization and related transactions. Debtor agrees to use all reasonable efforts and to cooperate fully with Lender with respect to all reasonable requests of Lender relating to the foregoing, which includes, without limitation, with respect to the activities described in subsection (b) below, providing financial information, financial and other data, and other information and materials which would customarily be required by a purchaser, transferee, assignee, servicer, participant, investor or rating agency involved with respect to any of the foregoing.

(b) Notwithstanding any provision contained herein, upon reasonable request at any time (including, without limitation, after Closing), Debtor will provide to Lender, any and all financial information and/or financial statements (and in the form or forms) (i) requested by Lender in connection with Lender's filings with or disclosures to any Governmental Authority, including, without limitation, the financial statements required in connection with the Securities and Exchange Commission registration statements of Lender, or any Affiliate of Lender, as described in Staff Accounting Bulletins 71 and 71A as issued under the Securities Act of 1933, as amended; or (ii) as reasonably requested by Lender.

(c) Debtor consents to Lender providing the disclosures described in this Section 13, as well as any other information which Lender may now have or hereafter acquire with respect to the Property or the financial condition of the Debtor Parties to each purchaser, transferee, assignee, servicer, participant, investor or rating agency involved with respect to each event described in this Section 13. Lender and Debtor (and their respective Affiliates) shall each pay their own attorneys' fees and other out-of-pocket expenses incurred in connection with the performance of their respective obligations under this Section.

(d) The provisions of this Section 13 shall survive the Closing.

Section 14. Indemnity; Release. Debtor shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless each of the Indemnified Parties for, from and against any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, diminutions in value, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement and damages of whatever kind or nature (including, without limitation, attorneys' fees, court costs and other costs of defense) (collectively, "Losses") (excluding Losses suffered by an Indemnified Party directly arising out of such Indemnified Party's gross negligence or willful misconduct; *provided, however*, that the term "gross negligence" shall not include gross negligence imputed as a matter of law to any of the Indemnified Parties solely by reason of Lender's interest in the Property or Lender's failure to act in respect of matters which are or were the obligation of Debtor under the Loan Documents), imposed upon or incurred by or asserted against any Indemnified Parties, and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) any personal injury, wrongful death, or property damage arising under any statutory or common law or tort law theory, including but not limited to damages assessed for the maintenance of a private or public nuisance or for the conducting of an abnormally dangerous activity on or near the Property; (b) any disclosures of information, financial or otherwise, (i) made by Lender or Lender's employees, officers, members, managers, agents or any third party as contemplated by Section 13 of this Agreement, or (ii) obtained from any credit reporting agency with respect to Debtor, any guarantor of the Loan (including each Guarantor), any Affiliate of Debtor, any of the other Debtor Parties or any operator or lessee of the Property; or (c) any misrepresentation or inaccuracy in any representation or warranty or material breach or failure to perform any covenants or other obligations pursuant to this Agreement. Debtor fully and completely releases, waives and covenants not to assert any claims, liabilities, actions, defenses, challenges, contests or other opposition against Lender, however characterized, known or unknown, foreseen or unforeseen, now existing or arising in the future, relating to this Agreement and affecting the Property. In addition to the foregoing, Debtor hereby fully incorporates each and every indemnity and release made by Debtor to Lender in the Environmental Indemnification Agreement as if fully set forth herein.

Section 15. Miscellaneous.

(a) **Transaction Characterization.** It is the intent of the parties that the Loan Documents evidence one unitary, unseverable transaction pertaining to the Property. Debtor acknowledges that the Loan is cross-defaulted and cross-collateralized with the Ground Lease, and that such cross-default and cross-collateralization is a material inducement to Lender making the Loan. It is the intent of the parties hereto that the business relationship created by the Ground Lease, this Agreement and the other Loan Documents is solely that of creditor and debtor and/or lessor and lessee and has been entered into by both parties in reliance upon the economic and legal bargains contained in the Loan Documents. None of the agreements contained in this Agreement or the other the Loan Documents is intended, nor shall the same be deemed or construed, to create a partnership (either de jure or de facto) between Debtor and Lender, to make them joint venturers, to make Debtor an agent, legal representative, partner, subsidiary or employee of Lender, nor to make Lender in any way responsible for the debts, obligations or losses of Debtor.

(b) **Notices.** All notices, consents, approvals or other instruments required or permitted to be given by either party pursuant to this Agreement shall be in writing and given by (i) hand delivery; (ii) express overnight delivery service; (iii) email transmission; or (iv) certified or registered mail, return receipt requested, and shall be deemed to have been delivered upon (A) receipt, if hand delivered; (B) the next Business Day, if delivered by reputable express overnight delivery service; (C) receipt of confirmation of email transmission; or (D) the third Business Day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested. Notices shall be provided to the parties and addresses specified below:

to Debtor:

Marquis Real Estate Holdings, LLC
PO Box 1308
Chatsworth, GA 30705
Attention: Tim Bailey
Email: tbailey@marquisind.com

copy to:

Mitchell Nussbaum Loeb & Loeb LLP
345 Park Avenue
NY, NY, 10154-1895
Email: enussbaum@loeb.com

to Lender:

STORE Capital Acquisitions, LLC
8501 E. Princess Drive, Suite 190
Scottsdale, AZ. 85255
Attention: Michael T. Bennett
Executive Vice President - General Counsel
Email: mbennett@storecapital.com

copy to:

Kutak Rock LLP
1801 California Street, Suite 3000
Denver, CO 80202
Attention: Kelly Reynoldson, Esq.
E-mail: kelly.reynoldson@kutakrock.com

or to such other address or such other person as either party may from time to time hereafter specify to the other party in a notice delivered in the manner provided above. Whenever in this Agreement the giving of notice is required, the giving thereof may be waived in writing at any time by the person or persons entitled to receive such notice. A copy of any notice delivered pursuant to this Section shall also contemporaneously be delivered in the manner herein specified to any assignee of Lender's interest which shall have duly notified Debtor in writing of its name and address.

(c) **Brokers.** Other than Marcus & Millichap whose commission has been paid by Debtor, Debtor has taken no action which would cause any brokerage or other similar fee, commission or compensation to be payable in connection with the transactions contemplated hereunder. Other than Marcus & Millichap whose commission has been paid by Debtor, Lender and Debtor represent and warrant to each other that they have dealt with no real estate or mortgage broker, agent, finder or other intermediary in connection with the transactions contemplated by this Agreement or the other Loan Documents. Lender and Debtor shall indemnify and hold each other harmless from and against any costs, claims or expenses, including attorneys' fees, arising out of the breach of their respective representations and warranties contained within this Section.

(d) **Estoppel Certificate.** At any time, and from time to time, each party agrees, promptly and in no event later than 10 days after a request from the other party, to execute, acknowledge and deliver to the other party a certificate in the form supplied by the other party, certifying: (i) to its knowledge, whether there are then any existing defaults by it or the other party in the performance of their respective obligations under this Agreement or any of the other Loan Documents, and, if there are any such defaults, specifying the nature and extent thereof; (ii) that no notice of default has been given or received by it under this Agreement or any of the other Loan Documents which has not been cured, except as to defaults specified in the certificate; (iii) the capacity of the person executing such certificate, and that such person is duly authorized to execute the same on behalf of it; and (iv) any other information reasonably requested by the other party in connection with this Agreement and the other Loan Documents.

(e) **Waiver and Amendment; Document Review.** No provisions of this Agreement shall be deemed waived or amended except by a written instrument unambiguously setting forth the matter waived or amended and signed by the party against which enforcement of such waiver or amendment is sought. Waiver of any matter shall not be deemed a waiver of the same or any other matter on any future occasion. In the event Debtor makes any request upon Lender requiring Lender or Lender's attorneys to review and/or prepare (or cause to be reviewed and/or prepared) any documents, plans, specifications or other submissions in connection with or arising out of this Agreement or any of the other Loan Documents, then Debtor shall (i) reimburse Lender promptly upon Lender's demand for all out-of-pocket costs and expenses incurred by Lender in connection with such review and/or preparation, including, without limitation, reasonable attorneys' fees; and (ii) pay Lender a reasonable processing and review fee.

(f) **Captions.** Captions are used throughout this Agreement for convenience of reference only and shall not be considered in any manner in the construction or interpretation hereof.

(g) **Lender's Liability.** Notwithstanding anything to the contrary provided in this Agreement, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Agreement by Lender, that (i) there shall be absolutely no personal liability on the part of any member, manager, officer or employee of Lender, with respect to any of the terms, covenants and conditions of this Agreement or the other Loan Documents; (ii) Debtor waives all claims, demands and causes of action against Lender's officers, members, managers, employees and agents in the event of any breach by Lender of any of the terms, covenants and conditions of this Agreement or the other Loan Documents to be performed by Lender; and (iii) Debtor shall look solely to the assets of Lender for the satisfaction of each and every remedy of Debtor in the event of any breach by Lender of any of the terms, covenants and conditions of this Agreement or the other Loan Documents to be performed by Lender, such exculpation of liability to be absolute and without any exception whatsoever.

(h) **Severability.** The provisions of this Agreement shall be deemed severable. If any part of this Agreement shall be held unenforceable, the remainder shall remain in full force and effect, and such unenforceable provision shall be reformed by such court so as to give maximum legal effect to the intention of the parties as expressed therein.

(i) **Construction Generally.** This is an agreement between parties who are experienced in sophisticated and complex matters similar to the transaction contemplated by this Agreement and is entered into by both parties in reliance upon the economic and legal bargains contained herein and shall be interpreted and construed in a fair and impartial manner without regard to such factors as the party which prepared the instrument, the relative bargaining powers of the parties or the domicile of any party. Debtor and Lender were each represented by legal counsel competent in advising them of their obligations and liabilities hereunder.

(j) **Entire Agreement.** This Agreement and the other Loan Documents, together with any other certificates, instruments or agreements to be delivered in connection therewith, constitute the entire agreement between the parties with respect to the subject matter hereof, and there are no other representations, warranties or agreements, written or oral, between Debtor and Lender with respect to the subject matter of this Agreement. Notwithstanding anything in this Agreement to the contrary, upon the execution and delivery of this Agreement by Debtor and Lender, all other agreements (written or oral) between Lender and any of the Debtor Parties or their representatives shall be deemed null and void and of no further force and effect and the terms and conditions of this Agreement shall control notwithstanding that such terms may be inconsistent with or vary from those set forth in such other agreements.

(k) **Forum Selection; Jurisdiction; Venue; Choice of Law.** Debtor acknowledges that this Agreement was signed by Lender in the State of Arizona and delivered by Debtor in the State of Arizona, all payments under the Note will be delivered in the State of Arizona and there are substantial contacts between the parties and the transactions contemplated herein and the State of Arizona. For purposes of any action or proceeding arising out of this Agreement, the parties hereto hereby expressly submit to the jurisdiction of all federal and state courts located in the State of Arizona and Debtor consents that it may be served with any process or paper by registered mail or by personal service within or without the State of Arizona in accordance with applicable law. Furthermore, Debtor waives and agrees not to assert in any such action, suit or proceeding that it is not personally subject to the jurisdiction of such courts, that the action, suit or proceeding is brought in an inconvenient forum or that venue of the action, suit or proceeding is improper. It is the intent of the parties hereto that all provisions of this Agreement shall be governed by and construed under the laws of the State of Arizona, without giving effect to its principles of conflicts of law. To the extent that a court of competent jurisdiction finds Arizona law inapplicable with respect to any provisions hereof, then, as to those provisions only, the laws of the state where the Property is located shall be deemed to apply. Nothing in this Section shall limit or restrict the right of Lender to commence any proceeding in the federal or state courts located in the state in which the Property located to the extent Lender deems such proceeding necessary or advisable to exercise remedies available under this Agreement or the other Loan Documents.

(l) **Survival.** Except for the conditions of Closing set forth in Section 8, which shall be satisfied or waived as of the Closing Date, all representations, warranties, agreements, obligations and indemnities of Debtor and Lender set forth in this Agreement shall survive the Closing.

(m) **Waiver of Jury Trial and Certain Damages.** DEBTOR AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR ITS SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, ANY OTHER LOAN DOCUMENT, OR ANY DOCUMENT CONTEMPLATED HEREIN OR THEREIN OR RELATED HERETO OR THERETO. THIS WAIVER BY THE PARTIES HERETO OF ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY HAS BEEN NEGOTIATED AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN. FURTHERMORE, DEBTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES FROM LENDER AND ANY OF LENDER'S AFFILIATES, OFFICERS, MEMBERS, MANAGERS OR EMPLOYEES OR ANY OF THEIR SUCCESSORS WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY DEBTOR AGAINST LENDER OR ANY OF LENDER'S AFFILIATES, OFFICERS, MEMBERS, MANAGERS OR EMPLOYEES OR ANY OF THEIR SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY DOCUMENT CONTEMPLATED HEREIN OR RELATED HERETO. THE WAIVER BY DEBTOR OF ANY RIGHT IT MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES HAS BEEN NEGOTIATED BY THE PARTIES HERETO AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN.

(n) **Counterparts.** This Agreement may be executed in counterparts, and if so executed, this Agreement shall be effective as if simultaneously executed.

(o) **Parties Interested Herein.** This Agreement shall be for the sole and exclusive benefit of the parties and, subject to Section 12 hereof, their respective successors, assignees and transferees. Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon, or to give to, any other Person any right, remedy or claim under or by reason of this Agreement or any terms hereof.

(p) **Events Occurring on Days That Are Not Business Days.** If the date for making any payment or the last day for performance of any act or the exercising of any right under this Agreement is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided herein.

(q) **Rights Cumulative.** All rights and remedies herein given or granted to any party hereunder are cumulative, nonexclusive and in addition to any and all rights and remedies that may have or may be given by reason of any law, statute, ordinance or otherwise.

(r) **Limitation on Waivers.** No delay or omission to exercise any right or power occurring upon any Event of Default or any other breach or default by any of the parties of or under any provision of this Agreement shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed appropriate. In the event any Event of Default or any other breach or default by any of the parties of or under any provision of this Agreement shall be waived by another party hereto, such waiver shall not bind any party which has not waived the default or breach, shall be limited to the particular default or breach so waived and shall not be deemed to waive any other default or breach hereunder or constitute a waiver of the same breach on a future occasion.

(s) **Further Assurances and Corrective Instruments.** The parties agree that so long as this Agreement is in full force and effect, each of them shall have full power to carry out the acts and agreements provided herein and they will from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements hereto and such further instruments as may be reasonably required in order to carry out the intention of this Agreement.

(t) **Collection Costs.** Debtor shall reimburse Lender for all reasonable expenses and costs, including, without limitation, fees and out-of-pocket expenses of attorneys and expert witnesses and costs of investigation, incurred by or on behalf of Lender in the enforcement or preservation of its rights under this Agreement and all of the other Loan Documents, including, without limitation, as a result of any failure by Debtor to pay any payments due hereunder or under any of the other Loan Documents or in connection with efforts to collect any amount due to Lender by Debtor under this Agreement, the Note or the other Loan Documents (including but not limited to efforts to collect any prepayment amount) or to enforce the provisions hereof or thereof, including costs and expenses incurred in post-judgment collection efforts and in any insolvency, bankruptcy, debtor relief, dissolution, liquidation, reorganization or similar proceedings (including any action for relief from the automatic stay of any such proceeding) or judicial or non-judicial foreclosure proceeding (collectively, "Collection Costs"). Collection Costs that are not paid to Lender when due shall accrue interest at the Default Interest Rate until paid.

(u) **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of Debtor and Lender and, subject to Section 12 hereof, their respective successors and permitted assigns, including, without limitation, any United States trustee, any debtor-in-possession or any trustee appointed by a private panel. Any permitted successor, assignee or transferee of any of the parties hereto shall succeed to the rights and obligations of its predecessor, assignor or transferor in the same manner as if it were named in this Agreement in the place of and instead of its predecessor, assignor or transferee, effective immediately after the later of the date any conditions to such succession set forth in this Agreement are satisfied or the date notice is given to the other parties in accordance with the notice provisions hereof.

[Remainder of page intentionally left blank; signature page(s) to follow]

IN WITNESS WHEREOF, Debtor and Lender have entered into this Agreement as of the date first above written.

LENDER:

STORE Capital Acquisitions, LLC,
a Delaware limited liability company

By: /s/ Michael T. Bennett
Name: Michael T. Bennett
Title: Executive Vice President
General Counsel

IN WITNESS WHEREOF, Debtor and Lender have entered into this Agreement as of the date first above written.

DEBTOR:

MARQUIS REAL ESTATE HOLDINGS, LLC,
a Delaware limited liability company

By: /s/ Jon Isaac

Name: Jon Isaac

Title: President/Manager

Tax Identification No.: 81-2862543

Organization Identification No.: 60431978100

Principal Place of Business: Chatsworth, Georgia 30705

EXHIBIT A
DEFINITIONS

The following terms shall have the following meanings for all purposes of this Agreement:

"Affiliate" means any Person which directly or indirectly controls, is under common control with, or is controlled by any other Person. For purposes of this definition, "controls", "under common control with" and "controlled by" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or otherwise.

"Anti-Money Laundering Laws" means all applicable laws, regulations and government guidance on the prevention and detection of money laundering, including 18 U.S.C. § § 1956 and 1957, and the BSA.

"BSA" means the Bank Secrecy Act (31 U.S.C. §§ 5311 et seq.), and its implementing regulations, Title 31 Part 103 of the U.S. Code of Federal Regulations.

"Business Day" means any day on which Lender is open for business other than a Saturday, Sunday or a legal holiday, ending at 5:00 p.m. Scottsdale, Arizona time.

"Closing" means the disbursement of the Loan Amount by Title Company as contemplated by this Agreement.

"Closing Date" has the meaning set forth in the introductory paragraph of this Agreement.

"Collection Costs" has the meaning set forth in Section 15(t).

"CP Conduit" means any special purpose entity which issues highly rated commercial paper notes.

"Debtor Party" or *"Debtor Parties"* means, collectively, Debtor and Guarantor.

"Debtor Reporting Entities" means, collectively, Debtor, Guarantor and Marquis Affiliated Holdings, LLC, a Delaware limited liability company.

"Default Rate" has the meaning set forth in the Note.

"Environmental Indemnification Agreement" means the Environmental Indemnification Agreement of even date herewith executed by Debtor, each Guarantor for the benefit of the Indemnified Parties, and such other parties as are identified in such agreement with respect to the Property.

"Equity Transfer" has the meaning set forth in Section 5(d).

"Event of Default" has the meaning set forth in Section 9.

"Financial Information" means all financial statements and other information concerning the Debtor Parties.

"GAAP" means generally accepted accounting principles consistently applied.

"Governmental Authority" means any governmental authority, agency, department, commission, bureau, board, instrumentality, court or quasi-governmental authority of the United States, the state where the Property is located, or any political subdivision thereof.

"Ground Lease" means that certain Lease Agreement of even date herewith, between STORE Capital Acquisitions, LLC, as lessor, and Debtor, as lessee, with respect to the Land, as the same may be amended from time to time.

"Guarantor" means, Marquis Industries, Inc., a Georgia corporation, or any additional or replacement guarantor(s) approved by Lender in its sole and absolute discretion.

"Guaranty" means collectively, one or more unconditional guarantees of payment and performance by each Guarantor, of even date herewith, with respect to the Loan, as the same may be amended from time to time.

"Independent Manager" means a (a) member of Debtor that is a "special purpose entity", (b) a "special purpose entity" that is not a member or Affiliate of Debtor, or (c) a natural person, each of whom is not, and has not been at any time in the preceding five years, (i) a direct or indirect legal or beneficial owner in Debtor, or any of its Affiliates; (ii) an officer, director; shareholder, manager, member, employee, partner, creditor, supplier or contractor of Debtor, or any of its Affiliates; or (iii) a Person who controls (whether directly, indirectly or otherwise) Debtor, or any of its Affiliates, or any officer, director, shareholder, manager, member, employee, partner, creditor, supplier or contractor of Debtor, or any of its Affiliates.

"Indemnified Parties" means Lender, the trustee under the Mortgage, if applicable, and any Person who is or will have been involved in the origination of the Loan, any Person who is or will have been involved in the servicing of the Loan, any Person in whose name the encumbrance created by the Mortgage is or will have been recorded, Persons who may hold or acquire or will have held a full or partial interest in the Loan (including, but not limited to, investors or prospective investors in any Securitization, participation or transfer, as well as custodians, trustees and other fiduciaries who hold or have held a full or partial interest in the Loan for the benefits of third parties), as well as the respective directors, officers, shareholders, partners, members, employees, lenders, agents, servants, representatives, contractors, subcontractors, affiliates, subsidiaries, participants, successors and assigns of any and all of the foregoing (including, but not limited to, any other person or entity who holds or acquires or will have held a participation or other full or partial interest in the Loan or the Property, whether during the term of the Loan or as a part of or following a foreclosure of the Loan and including, but not limited to, any successors by merger, consolidation or acquisition of all or a substantial portion of Lender's assets and business).

"Insolvency Event" means (a) any Debtor Party's (i) failure to generally pay its debts as such debts become due; (ii) admitting in writing its inability to pay its debts generally; or (iii) making a general assignment for the benefit of creditors; (b) any proceeding being instituted by or against any Debtor Party (i) seeking to adjudicate it a bankrupt or insolvent; (ii) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency, or reorganization or relief of debtors; or (iii) seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property, and in the case of any such proceeding instituted against any Debtor Party, either such proceeding shall remain undismissed for a period of 120 days or any of the actions sought in such proceeding shall occur; or (c) any Debtor Party taking any corporate action to authorize any of the actions set forth above in this definition.

"Land" means the land on which the Property is located as further described in Exhibit B attached hereto.

"Leases" means all leases in effect with respect to the Property, including that certain Sublease Agreement by and between Debtor and Guarantor effective as of the date hereof, as the same may be amended from time to time, and such other permitted leases now or hereafter relating to the Property.

"Legal Requirements" means, as to any Person, the certificate of incorporation, bylaws, operating agreement, partnership agreement or limited partnership agreement and certificate of limited partnership or other organization or governing documents of such Person, and any law, statute, order, consent, decree, ordinance, treaty, rule or regulation, or determination of an arbitrator or a court or other Governmental Authority, including, without limitation, all health, building, fire, safety and other codes, ordinances and requirements, all applicable standards of the National Board of Fire Underwriters and the Americans With Disabilities Act of 1990 and all policies or rules of common law, in each case, as amended, and any judicial or administrative interpretation thereof, and all covenants, agreements, restrictions and encumbrances, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Lender Entities" means, collectively, Lender and STORE Capital Corporation, and any Affiliate of Lender or STORE Capital Corporation.

"Loan" means the loan for the Property, as described in Section 1.

"Loan Amount" means the aggregate amount set forth in Section 1.

"Loan Documents" means, collectively, this Agreement, the Note, the Mortgage, each Guaranty, the Environmental Indemnification Agreement, the UCC Financing Statements, and all other documents, instruments and agreements executed in connection therewith or contemplated thereby.

"Loan Pool" means: (a) in the context of a Securitization, any pool or group of loans that are a part of such Securitization; (b) in the context of a transfer described in Section 13, all loans which are sold, transferred or assigned to the same transferee; and (c) in the context of a participation described in Section 13, all loans as to which participating interests are granted to the same participant.

"Losses" has the meaning set forth in Section 14.

"Lost Note" has the meaning set forth in Section 5(a).

"Material Adverse Effect" means any event, circumstance or condition that is existing, or that is contemplated by Debtor, or about which Debtor may have knowledge (a) which has a reasonable probability of having a material adverse effect on the condition or business (financial or otherwise) of any Debtor Party, the Property, the Mortgaged Property, or the transactions contemplated by this Agreement or the other Loan Documents; (b) which, except for any non consensual and non-contractual lien or encumbrance for Taxes or assessments or other governmental charges or levies (but excluding any judgment lien) that is not yet due and payable, in any way would adversely affect, or otherwise impair, encumber or dilute Lender's or Debtor's interest in (i) the Property or Mortgaged Property, or (ii) the validity or enforceability of this Agreement or the other Loan Documents; (c) which would materially adversely affect the ability of Debtor or any Guarantor to perform its or his other obligations under this Agreement or the other Loan Documents; (d) which would impair, encumber or dilute Lender's or Debtor's interest in the Property or Mortgaged Property; or (e) which would materially adversely affect the validity or enforceability of this Agreement and/or the other Loan Documents.

"Mortgage" means the Deed to Secure Debt, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of the date of this Agreement executed by Debtor for the benefit of Lender providing a lien upon and security interest in the Property as security for the Note, as the same may be amended from time to time.

"Mortgaged Property" has the meaning set forth in the Mortgage.

"Note" means the promissory note dated as of the date of this Agreement to be executed by Debtor in favor of Lender evidencing the Loan with respect to the Property, as the same may be amended, restated and/or substituted from time to time.

"Obligations" has the meaning set forth in Section 5(d).

"OFAC Laws and Regulations" means Executive Order 13224 issued by the President of the United States of America, the Terrorism Sanctions Regulations (Title 31 Part 595 of the U.S. Code of Federal Regulations), the Terrorism List Governments Sanctions Regulations (Title 31 Part 596 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31 Part 597 of the U.S. Code of Federal Regulations), and the Cuban Assets Control Regulations (Title 31 Part 515 of the U.S. Code of Federal Regulations), and all other present and future federal, state and local laws, ordinances, regulations, policies, lists (including, without limitation, the Specially Designated Nationals and Blocked Persons List) and any other requirements of any Governmental Authority (including, without limitation, the United States Department of the Treasury Office of Foreign Assets Control) addressing, relating to, or attempting to eliminate, terrorist acts and acts of war, each as hereafter supplemented, amended or modified from time to time, and the present and future rules, regulations and guidance documents promulgated under any of the foregoing, or under similar laws, ordinances, regulations, policies or requirements of other states or localities.

"OFAC List" means the list of specially designated nationals and blocked persons subject to financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control and any other similar list maintained by the U.S. Treasury Department, Office of Foreign Assets Control pursuant to any Legal Requirements, including, without limitation, trade embargo, economic sanctions, or other prohibitions imposed by Executive Order of the President of the United States. The OFAC List currently is accessible through the Internet website www.treas.gov/ofac/tl1sdn.pdf.

"Opinions of Counsel" means such enforceability opinions as Lender may reasonably require, all in form and substance reasonably satisfactory to Lender and its counsel.

"Permitted Exceptions" means those recorded easements, restrictions, liens and encumbrances set forth as exceptions in the title reports and title commitments referenced in Section 8(a), and approved by Lender in its sole discretion in connection with the closing of the Loan, the Mortgage and the UCC Financing Statements.

"Permitted Facility" means means an extrusion, carpet manufacturing and floor covering manufacturing and warehouse distribution business, all related purposes such as ingress, egress and parking, and uses incidental thereto or any other use deemed necessary as determined by Lessee in its good faith business judgment provided such use is not a Prohibited Use

"Person" means any individual, corporation, partnership, limited liability company, trust, unincorporated organization, Governmental Authority or any other form of entity.

"Pledge" has the meaning set forth in Section 5(d).

"Property" means, as the context may require, the buildings, fixtures and other improvements now or hereafter located on the Land identified on Exhibit B attached hereto (whether or not affixed to such Land). The term "Property" shall not include the Land or Tangible Personal Property.

"Securitization" means one or more sales, dispositions, transfers or assignments by Lender or any of the other Lender Entities to a special purpose corporation, trust or other entity identified by Lender or any of the other Lender Entities of notes evidencing obligations to repay secured or unsecured loans owned by Lender or any of the other Lender Entities (and, to the extent applicable, the subsequent sale, transfer or assignment of such notes to another special purpose corporation, trust or other entity identified by Lender or any of the other Lender Entities), and the issuance of bonds, certificates, notes or other instruments evidencing interests in pools of such loans, whether in connection with a permanent asset securitization or a sale of loans in anticipation of a permanent asset securitization. Each Securitization shall be undertaken in accordance with all requirements which may be imposed by the investors or the rating agencies involved in each such sale, disposition, transfer or assignment or which may be imposed by applicable securities, tax or other laws or regulations.

" Subordination Agreement" or " Subordination Agreements" means, as the context may require, the subordination and attornment agreement of even date herewith executed by Debtor, and Lender with respect to the Ground Lease, or the subordination and attornment agreements of even date herewith executed by Debtor, the sublessees, and Lender with respect to the Leases, as the same may be amended from time to time. A Subordination Agreement will be executed with respect to each Lease.

"Tangible Personal Property" means any and all equipment, trade fixtures, appliances, furniture, furnishings, inventory and other tangible personal property now existing or hereafter acquired by Lessee or Guarantor or any of their Affiliates in connection with the Property.

"Tax" or *"Taxes"* has the meaning set forth in Section 5(i).

"Title Company" means First American Title Insurance Company located at 2425 E. Camelback Road, Suite 300, Phoenix, Arizona 85016, Attention: Kristin Brown, National Commercial Services, or an alternative insurance company selected by Lender.

"UCC Financing Statements" means such UCC Financing Statements as Lender shall require with respect to the transactions contemplated by this Agreement.

EXHIBIT B

LAND

Address: 2743 Highway 76 (GI Maddox Parkway), Chatsworth, Georgia 30705

Legal Description: All that tract or parcel of land located and lying in Land Lot 173 of the 9th District and 3rd Section of Murray County, Georgia, and being all of Lots 133 through 137 and part of Lot 132, Chief Vann Subdivision, and more particularly described as follows:

Beginning at a point located on the north right of way line of Georgia Highway 52 (80 foot right of way), said point being 591.0 feet east of the intersection of the north right of way line of Georgia Highway 52 with the east right of way line of Georgia Highway 225, as measured along the north right of way line of Georgia Highway 52; thence proceed north 00 degrees 08 minutes 00 seconds west a distance of 193.17 feet; thence north 89 degrees 34 minutes 00 seconds east a distance of 575.00 feet; thence south 00 degrees 08 minutes 00 seconds east a distance of 195.93 feet to the north right of way line of Georgia Highway 52 (80 foot right of way); thence along the north right of way line of Georgia Highway 52 south 89 degrees 50 minutes 30 seconds west a distance of 575.00 feet to the Point of Beginning, all as shown on that Plat for B & H Equities, a Georgia general partnership, prepared by Norman B. DeLoach, GRLS No. 1347, and dated February 15, 1994.

Also known as: ALL THAT TRACT or parcel of land lying and being in Land Lot 173 of the 9th District and 3rd Section of Murray County, Georgia, being Lots 133 through 137 and a portion of Lot 132 of Chief Vann Subdivision, and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING commence at the intersection of the northern right of way line of G.I. Maddox Parkway (being U.S. Highway 76 and Georgia Highway 52 and having an 80 foot right of way) with the centerline of Cochran Drive; running thence North 89 degrees 38 minutes 39 seconds West a distance of 415.72 feet to a 1/2 inch rebar and the TRUE POINT OF BEGINNING; thence North 89 degrees 38 minutes 39 seconds West along said right of way line of G.I. Maddox Parkway a distance of 574.99 feet to a 5/8 inch rebar; thence leaving said right of way line of G.I. Maddox Parkway running North 00 degrees 31 minutes 17 seconds East a distance of 193.40 feet to a 5/8 inch rebar; thence South 89 degrees 52 minutes 39 seconds East a distance of 574.59 feet to a 1/2 inch rebar; thence South 00 degrees 24 minutes 03 seconds West a distance of 195.74 feet to a 1/2 inch rebar and the POINT OF BEGINNING.

Address: 325 Smyrna Church Road, Chatsworth, Georgia 30705

Legal Description: Two (2) acres, more or less, of Land Lot No. 266 in the 9th District and 3rd Section of Murray County, Georgia, described as follows: BEGINNING at the point of intersection of the west right-of-way line of Browns Bridge Road and the north right-of-way line of Leonards Bridge Road; thence running west with north side of Leonards Bridge Road, a distance of 396 feet to land of James C. Penson; thence in a northeasterly direction with land of James C. Penson, a distance of 224 feet to land of Maudie Witherow; thence east with south line of land of Maudie Witherow, a distance of 260 feet to west side of Browns Bridge Road; thence south with west right-of-way line of Browns Bridge Road a distance of 264 feet to the beginning point.

Also known as: ALL THAT TRACT or parcel of land lying and being in Land Lot 266 of the 9th District and 3rd Section of Murray County, Georgia and being more particularly described as follows:

BEGINNING at a mag nail located at the intersection of the northern right of way line of Leonard Bridge Road (having a 50 foot right of way) with the western right of way line of Smyrna Church Road (having an 80 foot right of way), which is the TRUE POINT OF BEGINNING; running thence along said right of way line of Leonard Bridge Road the following courses and distances: North 73 degrees 20 minutes 40 seconds West a distance of 168.40 feet; thence North 72 degrees 31 minutes 15 seconds West a distance of 62.76 feet; thence North 72 degrees 47 minutes 07 seconds West a distance of 68.45 feet; thence North 72 degrees 56 minutes 43 seconds a distance of 80.09 feet to a point on said right of way of Leonard Bridge Road, said point being located North 31 degrees 19 minutes 28 seconds East a distance of 2.50 feet from a 3/4 inch open top pipe; thence leaving said right of way line of Leonard Bridge Road running North 31 degrees 19 minutes 28 seconds East a distance of 221.22 feet to a 1/2 inch open top pipe; thence South 77 degrees 53 minutes 41 seconds East a distance of 258.59 feet to a point located on the western right of way line of Smyrna Church Road, said point being located North 77 degrees 53 minutes 41 seconds West a distance of 1.51 feet from a 1-1/2 inch open top pipe; running thence South 01 degree 15 minutes 59 seconds West a distance of 160.93 feet; thence continuing along said right of way line of Smyrna Church Road South 00 degrees 46 minutes 03 seconds West a distance of 84.73 feet to a mag nail found and the TRUE POINT OF BEGINNING.

Address: 272 Treadwell Road, Chatsworth, Georgia 30705

Legal Description:

TRACT I

One (1) acre, more or less, of Land Lot No. 191, 9th District, 3rd Section, Murray County, Georgia described as follows:

BEGINNING on the east side of public road which runs from Spring Place by way of Treadwell Cemetery and the "Old" Woods Estate to Green Road at the northeast corner of Lot No. 48 in Woods Estate Subdivision, as recorded in Plat Book 5, Page 234, Murray County Public Records; thence running south 30 degrees 37 minutes 27 seconds east, with east line of said Lot No. 48, a distance of 309 feet; thence in a northeasterly direction 184 feet; thence in a northwesterly direction a distance of 309 feet to the east side of said public road; and thence southwest with east side of said road 133 feet to the beginning point.

TRACT II

All that tract of land containing 1 acre, more or less, lying in Land Lot No. 191, 9th District, 3rd Section, Murray County, Georgia, according to a survey by Leon Pritchett, Murray County, Georgia Land Surveyor, dated March 9, 1977, and being more particularly described as follows:

BEGINNING at the point of intersection formed by the south right of way of Industrial Drive with the northeast corner of Chatsworth Sample Company, Inc.; thence run south 48 degrees 04 minutes 27 seconds east, along the said south right of way, a distance of 388.5 feet to a point; thence run south 24 degrees 05 minutes west, a distance of 365 feet, more or less, to the east line of Woods Estate Subdivision; thence north 17 degrees 38 minutes 44 seconds west, along the east line of said subdivision, a distance of 231.5 feet to the southwest corner of Chatsworth Sample Company, Inc. property; thence north 43 degrees 05 minutes east, along the southeast line of said Sample Co., a distance of 184 feet to their southeast corner; thence north 40 degrees 04 minutes 47 seconds west, along said Sample Co., a distance of 308.97 feet to the south right of way of Industrial Drive and the POINT OF BEGINNING.

TRACT III

One (1) acre of Land Lot No. 191, 9th District, 3rd Section, Murray County, Georgia, according to a plat of survey prepared by Leon Pritchett, Murray County, Georgia Land Surveyor, dated May 2, 1984, recorded in the Office of the Clerk of the Superior Court of Murray County, Georgia, in Plat Book 14, Page 170, and said plat and the description set out therein are by reference incorporated herein for a more particular description of said land.

Subject to existing easements for public utilities and road rights of ways.

Also known as: ALL THAT TRACT or parcel of land lying and being in Land Lot 191 of the 9th District and 3rd Section of Murray County, Georgia, and being more particularly described as follows:

BEGINNING at a 1/2 inch capped rebar located at the intersection of the southeastern right of way line of Treadwell Road (having an 80 foot right of way) with the southwestern right of way line of Industrial Boulevard (having an 80 foot right of way); thence following along the arc of a curve to the right an arc distance of 80.67 feet to a 1/2 inch capped rebar located on said right of way line of Industrial Boulevard (said arc having a radius of 50.00 feet and being subtended by a chord bearing North 86 degrees 59 minutes 07 seconds East a distance of 72.20 feet); thence South 46 degrees 47 minutes 48 seconds East along said right of way line of Industrial Boulevard a distance of 279.35 feet to a point; thence continuing along said right of way line of Industrial Boulevard following along the arc of a curve to the left an arc distance of 203.41 feet to a 1/2" rebar (said arc having a radius of 712.24 feet and being subtended by a chord bearing South 54 degrees 58 minutes 42 seconds East a distance of 202.72 feet); thence leaving said right of way line of Industrial Boulevard running South 44 degrees 59 minutes 37 seconds West a distance of 396.94 feet to a 1/2" rebar; thence North 16 degrees 04 minutes 20 seconds West a distance of 270.49 feet to a 1/2" rebar; thence North 30 degrees 31 minutes 32 seconds West a distance of 292.69 feet to a 1/2" rebar located on the southeastern right of way line of Treadwell Road; thence North 40 degrees 46 minutes 03 seconds East along said right of way line of Treadwell Road a distance of 95.66 feet to the POINT OF BEGINNING.

Address: 1978 Highway 52 Alt., Chatsworth, Georgia 30705

Legal Description: ALL THAT TRACT or parcel of land lying and being a part of Land Lot 243 of the 9th District AND 3rd Section of Murray County, Georgia, being more particularly described as follows:

BEGINNING at the intersection of the East line of Land Lot 243 with the South right-of-way line of State Route 52 Alternate which is the point of beginning; thence running South 00 degrees 02 minutes 00 seconds East for a distance of 425.77 feet along the East line of Land Lot 243 to an iron pin; thence running North 84 degrees 44 minutes 13 seconds West for a distance of 486.57 feet to an iron pin; thence running North 03 degrees 33 minutes 10 seconds East to a fence post found; thence running South 80 degrees 48 minutes 06 seconds East for a distance of 85.71 feet to an iron pin; thence running North 01 degree 30 seconds West for a distance of 69.49 feet to a point; thence running North 89 degrees 25 minutes 01 second West for a distance of 79.49 feet to a railroad spike; thence running North 00 degrees 47 minutes 04 seconds East for a distance of 199.97 feet to an iron pin; thence running South 89 degrees 25 minutes 19 seconds East for a distance of 350.00 feet along the southerly right-of-way line of State Route 52 Alternate; continuing thence south 89 degrees 28 minutes 53 seconds East for a distance of 120.00 feet along the southerly right-of-way line of State Route 52 Alternate to the POINT OF BEGINNING.

Being 4.30 acres and is in accordance with a plat prepared for Benny Stafford and Dan C. Townsend by Dewayne Hunt, Registered Land Surveyor, dated June 19, 1995 and revised. January 6, 1996.

Also known as: ALL THAT TRACT or parcel of land lying and being in Land Lot 243 of the 9th District and 3rd Section of Murray County, Georgia, and being more particularly described as follows:

BEGINNING at a cross-tie fence corner located at the intersection of the southern right of way line of Georgia Highway 52 Alternate (having a variable right of way) with the east line of Land Lot 243; running thence South 01 degrees 00 minutes 56 seconds East along the east line of Land Lot 243 a distance of 425.77 feet to a 1-inch open top pipe; thence leaving said land lot line running North 85 degrees 43 minutes 09 seconds West a distance of 486.57 feet to a 1-inch open top pipe; thence North 02 degrees 34 minutes 14 seconds East a distance of 129.47 feet to a 5/8 inch capped rebar; thence North 06 degrees 24 minutes 11 seconds East a distance of 258.40 feet to a 5/8 inch capped rebar located on the southern right of way line of Georgia Highway 52 Alternate; thence North 89 degrees 35 minutes 45 seconds East along said right of way line of Georgia Highway 52 Alternate a distance of 323.05 feet to a point; thence continuing along said right of way line of Georgia Highway 52 Alternate North 89 degrees 32 minutes 11 seconds East a distance of 120.00 feet to the POINT OF BEGINNING.

Address: 1642 Duvall Road, Chatsworth, Georgia 30705

Legal Description: A portion of Land Lot No. 132 in the 9th District and 3rd Section of Murray County, Georgia, designated as Tract "A" and Tract "B" on a plat of survey prepared by Leon Pritchett, Murray County, Surveyor, dated October 28, 1982, recorded in the office of the Clerk of the Superior Court of Murray County, Georgia, in Plat Book No. 13. page 62 and described as follows:

BEGINNING at the point of intersection of the south original line. of said Land Lot No. 132 and the eastside of Duvall Road (formerly known as Lydia Jackson Road); thence running north 25 degrees 25 minutes east with the east side of Duvall Road, a distance of 287.74 feet to an iron pin; thence south 86 degrees 16 minutes east, 195.20 feet to an iron pin; thence south 0 degrees 16 minutes west 231.48 feet to an iron pin on the south original line of said land lot; thence north 69 degrees 12 minutes 23 seconds west on said south original line, a distance of 317.21 feet to the POINT OF BEGINNING.

Also known as: All that tract or parcel of land lying and being in Land Lot No. 132 in the 9th District and 3rd Section of Murray County, Georgia, and being more particularly described as follows:

To find the TRUE POINT OF BEGINNING; Commence at an axle found located at the southeast corner of Land Lot Number 132; running thence along the south line of Land Lot Number 132 North 89 degrees 10 minutes 11 seconds West a distance of 294.18 feet to a 1/2 inch rebar and the TRUE POINT OF BEGINNING; thence continuing along the south line of Land Lot Number 132 North 89 degrees 03 minutes 11 seconds West a distance of 315.85 feet to a 1/2 inch rebar located on the eastern right of way line of Duvall Road (having an 80-foot right of way); running thence along said right of way of Duvall Road North 25 degrees 15 minutes 54 seconds East a distance of 287.97 feet to a 1/2 inch rebar; thence leaving said right of way of Duvall Road running South 85 degrees 50 minutes 21 seconds East a distance of 195.29 feet to a metal T-post; thence South 00 degrees 25 minutes 35 seconds West a distance of 251.48 feet to a capped 1/2 inch rebar and the TRUE POINT OF BEGINNING.

Address: 1805 South Hamilton Street, Dalton, Georgia 30720

Legal Description:

TRACT ONE

All that tract or parcel of land situated, lying and being in Land Lots 277 and 294 in the 12th District and 3rd Section of Whitfield County, Georgia, and being 2.30 acres of land shown on plat of survey prepared by Bakkum - Deloach & Associates dated March 10, 2004, and entitled "Plat for Jack Turner" and being more particularly described as follows:

TO LOCATE THE POINT OF BEGINNING commence at the northwest corner of said Land Lot 294 and running thence due South a distance of 10 feet; thence running due East a distance of 196.3 feet to a point on the easterly line of South Hamilton Street (80 foot right of way) and the point of BEGINNING; from said point of beginning running thence North 17 degrees 16 minutes 20 seconds East along the easterly line of South Hamilton Street 250.00 feet; thence running South 80 degrees 48 minutes 00 seconds East 364.80 feet to the westerly right of way line of the Southern Railroad; thence running along the westerly right of way line of Southern Railroad the following courses and distances: South 02 degrees 37 minutes 44 seconds East 76.40 feet; South 00 degree 00 minutes 02 seconds East 99.58 feet; South 01 degree 52 minutes 49 seconds West 79.54 feet; thence leaving said railroad right of way and running thence North 76 degrees 32 minutes 45 seconds West 74.40 feet; thence running North 80 degrees 58 minutes 00 seconds West 367.43 feet to the easterly line of South Hamilton Street and the point of beginning.

TRACT TWO

All that tract or parcel of land situated, lying and being in Land Lot 277 in the 12th District and 3rd Section of Whitfield County, Georgia, and being 4.35 acres of land shown on plat of survey prepared by Bakkum - Deloach & Associates dated March 10, 2004, and entitled "Plat for Jack Turner" and being more particularly described as follows:

TO LOCATE THE POINT OF BEGINNING commence at the northwest corner of said Land Lot 294 and running thence due South a distance of 10 feet; thence running due East a distance of 196.3 feet to a point on the easterly line of South Hamilton Street (80 foot right of way); running thence North 17 degrees 16 minutes 20 seconds East along the easterly line of South Hamilton Street 250.00 feet to the point of BEGINNING; and from said point of beginning running thence the following courses and distances along South Hamilton Street: North 17 degrees 16 minutes 20 seconds East 200.81 feet; thence running North 17 degrees 00 minutes 27 seconds East 77.21 feet; thence North 16 degrees 02 minutes 16 seconds East 78.70 feet; thence running North 11 degrees 29 minutes 28 seconds East 79.38 feet; thence running North 04 degrees 50 minutes 48 seconds East 81.21 feet; thence running North 03 degrees 26 minutes 40 seconds West 83.93 feet; thence running North 10 degrees 35 minutes 34 seconds West 81.74 feet; thence running North 17 degrees 12 minutes 19 seconds West 82.29 feet; thence running North 23 degrees 37 minutes 34 seconds West 82.56 feet; thence running North 31 degrees 57 minutes 54 seconds West 81.72 feet; thence running North 35 degrees 49 minutes 17 seconds West 76.81 feet; thence running North 37 degrees 54 minutes 40 seconds West 81.62 feet; thence running North 38 degrees 51 minutes 44 seconds West 78.35 feet; thence running North 39 degrees 44 minutes 13 seconds West 169.09 feet to the intersection of the northeasterly line of South Hamilton Street with the westerly line of said Land Lot 277; thence leaving said easterly line of South Hamilton Street and running thence North 01 degree 48 minutes 25 seconds East 117.15 feet to the westerly right of way line of Southern Railroad; thence running along the westerly right of way line of Southern Railroad the following courses and distances: South 35 degrees 23 minutes 09 seconds East 491.97 feet; thence running South 32 degrees 22 minutes 32 seconds East 103.96 feet; thence running South 28 degrees 55 minutes 33 seconds East 100.99 feet; thence running South 25 degrees 55 minutes 21 seconds East 101.13 feet; thence running South 22 degrees 46 minutes 13 seconds East 99.35 feet; thence running South 19 degrees 38 minutes 52 seconds East 102.84 feet; thence running South 16 degrees 27 minutes 21 seconds East 100.62 feet; thence running South 13 degrees 44 minutes 13 seconds East 95.57 feet; thence running South 10 degrees 50 minutes 08 seconds East 100.09 feet; thence running South 08 degrees 13 minutes 44 seconds East 110.63 feet; thence running South 04 degrees 41 minutes 30 seconds East 127.35 feet; thence leaving the westerly right of way line of Southern Railroad and running thence North 80 degrees 48 minutes 00 seconds West 364.80 feet to the easterly line of South Hamilton Street and the point of beginning.

Also known as:

TRACT 1

ALL THAT TRACT or parcel of land lying and being in Land Lots 277 and 294 of the 12th District and 3rd Section of Whitfield County, Georgia, and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING commence at the northwest corner of said Land Lot 294 running thence due South a distance of 10 feet; thence due East a distance of 196.3 feet to a 1-inch open top pipe located on the eastern right of way line of South Hamilton Street (having an 80-foot right of way), said pipe also being located South 63 degrees 02 minutes 37 seconds East a distance of 41.64 feet from the intersection of the centerline of South Hamilton Street with the centerline of Altamont Drive and being the TRUE POINT OF BEGINNING; thence North 17 degrees 16 minutes 20 seconds East along said right of way line of South Hamilton Street a distance of 250.00 feet to a 1/2 inch rebar; thence leaving said right of way line of South Hamilton Street running South 80 degrees 48 minutes 00 seconds East a distance of 364.80 feet to a point located on the western right of way line of Norfolk Southern Railway Company; thence along said right of way line of Norfolk Southern Railway Company the following courses and distances: South 02 degrees 37 minutes 44 seconds East a distance of 76.40 feet; South 00 degrees 00 minutes 02 seconds East a distance of 99.58 feet; South 01 degree 52 minutes 49 seconds West a distance of 79.54 feet to a concrete monument; thence leaving said right of way line of Norfolk Southern Railway Company running North 76 degrees 32 minutes 45 seconds West a distance of 74.40 feet to a concrete monument; thence North 80 degrees 58 minutes 00 seconds West a distance of 367.43 feet to the eastern right of way line of South Hamilton Street and the POINT OF BEGINNING.

TRACT 2

ALL THAT TRACT or parcel of land lying and being in Land Lot 277 of the 12th District and 3rd Section of Whitfield County, Georgia, and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING commence at the northwest corner of said Land Lot 294 running thence due South a distance of 10 feet; thence due East a distance of 196.3 feet to a 1-inch open top pipe located on the eastern right of way line of South Hamilton Street (having an 80-foot right of way), said pipe also being located South 63 degrees 02 minutes 37 seconds East a distance of 41.64 feet from the intersection of the centerline of South Hamilton Street with the centerline of Altamont Drive; thence North 17 degrees 16 minutes 20 seconds East along said right of way line of South Hamilton Street a distance of 250.00 feet to a 1/2 inch rebar and the TRUE POINT OF BEGINNING; running thence along said right of way line of South Hamilton Street the following courses and distances: North 17 degrees 16 minutes 20 seconds East a distance of 200.81 feet; thence North 17 degrees 00 minutes 27 seconds East a distance of 77.21 feet; thence North 16 degrees 02 minutes 16 seconds East a distance of 78.70 feet; thence North 11 degrees 29 minutes 28 seconds East a distance of 79.38 feet; thence North 04 degrees 50 minutes 48 seconds East a distance of 81.21 feet; thence North 03 degrees 26 minutes 40 seconds West a distance of 83.93 feet; thence North 10 degrees 35 minutes 34 seconds West a distance of 81.74 feet; thence North 17 degrees 12 minutes 19 seconds West a distance of 82.29 feet; thence North 23 degrees 37 minutes 34 seconds West a distance of 82.56 feet; thence North 31 degrees 57 minutes 54 seconds West a distance of 81.72 feet; thence North 35 degrees 49 minutes 17 seconds West a distance of 76.81 feet; thence North 37 degrees 54 minutes 40 seconds West a distance of 81.62 feet; thence North 38 degrees 51 minutes 44 seconds West a distance of 78.35 feet; thence North 39 degrees 44 minutes 13 seconds West a distance of 169.09 feet to a 5/8 inch capped rebar located at the intersection of the northeastern right of way line of South Hamilton Street with the western line of Land Lot 277; thence leaving said right of way line of South Hamilton Street running North 01 degree 48 minutes 25 seconds East along said western line of Land Lot 277 a distance of 117.15 feet to a 5/8 inch capped rebar located at the intersection of said western line of Land Lot 277 with the western right of way line of Norfolk Southern Railway Company; thence along said right of way line of Norfolk Southern Railway Company the following courses and distances: South 35 degrees 23 minutes 09 seconds East a distance of 491.97 feet; thence South 32 degrees 22 minutes 32 seconds East a distance of 103.96 feet; thence South 28 degrees 55 minutes 33 seconds East a distance of 100.99 feet; thence South 25 degrees 55 minutes 21 seconds East a distance of 101.13 feet; thence South 22 degrees 46 minutes 13 seconds East a distance of 99.35 feet; thence South 19 degrees 38 minutes 52 seconds East a distance of 102.84 feet; thence South 16 degrees 27 minutes 21 seconds East a distance of 100.62 feet; thence South 13 degrees 44 minutes 13 seconds East a distance of 95.57 feet; thence South 10 degrees 50 minutes 08 seconds East a distance of 100.09 feet; thence South 08 degrees 13 minutes 44 seconds East a distance of 110.63 feet; thence South 04 degrees 41 minutes 30 seconds East a distance of 127.35 feet; thence leaving said right of way line of Norfolk Southern Railway Company running North 80 degrees 48 minutes 00 seconds West a distance of 364.80 feet to the eastern line of South Hamilton Street and the POINT OF BEGINNING.

Address: 2669 Lakeland Road (a/k/a Abutment Road), Dalton, Georgia 30721

Legal Description: All that tract or parcel of land located and lying in Land Lot 26 of the 13th District and 3rd Section of Whitfield County, Georgia, and more particularly described as follows:

BEGINNING at a point on the eastern right-of-way line of Lakeland Road (a/k/a Abutment Road, 80 foot right of way), said point being located south 01 degree 55 minutes 00 seconds east a distance of 487.6 feet from the southern right-of-way line of Focus Road; running thence north 88 degrees 00 minutes 00 seconds east a distance of 850.0 feet; thence south 02 degrees 00 minutes 00 seconds east a distance of 300.0 feet; thence south 88 degrees 00 minutes 00 seconds west a distance of 850.0 feet to a point on the eastern right-of-way line of Lakeland Road; thence north 02 degrees 00 minutes 00 seconds west along the eastern right-of-way line of Lakeland Road a distance of 300.0 feet to the Point of Beginning.

Said tract or parcel is shown on that survey for Quantum Realty, a Georgia general partnership, Cohutta Banking Company, and Lawyers Title Insurance Corporation dated January 25, 2001 and prepared by Marcus Eugene Cook, GRLS No. 1935.

Also known as: ALL THAT TRACT or parcel of land lying and being in Land Lot 26 of the 13th District and 3rd Section of Whitfield County, Georgia and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING commence at the point of intersection of the eastern right of way line of Abutment Road (having an 80-foot right of way) with the centerline of Focus Drive; thence South 01 degree 55 minutes 00 seconds East along said right of way line of Abutment Road a distance of 518.48 feet to a 1/2 inch capped rebar and the TRUE POINT OF BEGINNING; thence leaving said right of way line of Abutment Road running North 88 degrees 00 minutes 00 seconds East a distance of 850.00 feet to a 1/2" rebar; thence South 02 degrees 00 minutes 00 seconds East a distance of 300.00 feet to a 5/8 inch capped rebar; thence South 88 degrees 00 minutes 00 seconds West a distance of 850.00 feet to a 5/8 inch capped rebar located on the eastern right of way line of Abutment Road; thence North 02 degrees 00 minutes 00 seconds West along said right of way line of Abutment Road a distance of 300.00 feet to the POINT OF BEGINNING.

Address: 716 River Street, Calhoun, Georgia 30701

Legal Description: ALL THAT TRACT OR PARCEL of land lying and being in Land Lot No. 242 in the 14th District and 3rd Section of Gordon County, Georgia, and being more particularly described as follows:

To find the TRUE POINT OF BEGINNING; Commence at the intersection of the centerline of River Street with the centerline of Oak Street; running thence South 01 degree 28 minutes 12 seconds West a distance of 1089.55 feet to an iron pin and the TRUE POINT OF BEGINNING; thence South 02 degrees 53 minutes 05 seconds East a distance of 341.57 feet to an iron pin; thence South 28 degrees 42 minutes 09 seconds East a distance of 34.44 feet to an iron pin; thence South 02 degrees 45 minutes 09 seconds East a distance of 84.14 feet to an iron pin; thence North 86 degrees 55 minutes 51 seconds East a distance of 20.19 feet to an iron pin; thence North 02 degrees 49 minutes 07 seconds West a distance of 42.25 feet to an iron pin located on the western right of way of River Street (having a 100-foot right of way); thence following said right of way of River Street following the arc of a curve to the left an arc distance of 68.71 feet (said arc having a radius of 1959.86 feet and being subtended by a chord bearing South 12 degrees 11 minutes 13 seconds East a chord distance of 68.71 feet to an iron pin; thence leaving said right of way of River Street, running South 86 degrees 03 minutes 17 seconds West a distance of 630.92 feet to an iron pin; thence North 00 degrees 17 minutes 16 seconds West a distance of 489.54 feet to an iron pin; thence North 86 degrees 37 minutes 17 seconds East a distance of 562.50 feet to an iron pin and the POINT OF BEGINNING.

SAID TRACT OR PARCEL containing 6.46 Acres.

Also known as: ALL THAT TRACT OR PARCEL of land lying and being in Land Lot No. 242 in the 14th District and 3rd Section of Gordon County, Georgia, and being more particularly described as follows:

To find the TRUE POINT OF BEGINNING; Commence at the intersection of the centerline of River Street with the centerline of Oak Street; running thence South 01 degree 28 minutes 12 seconds West a distance of 1089.55 feet to an iron pin and the TRUE POINT OF BEGINNING; thence South 02 degrees 53 minutes 05 seconds East a distance of 341.57 feet to an iron pin; thence South 28 degrees 42 minutes 09 seconds East a distance of 34.44 feet to an iron pin; thence South 02 degrees 45 minutes 09 seconds East a distance of 84.14 feet to an iron pin; thence North 86 degrees 55 minutes 51 seconds East a distance of 20.19 feet to an iron pin; thence North 02 degrees 49 minutes 07 seconds West a distance of 42.25 feet to an iron pin located on the western right of way of River Street (having a 100-foot right of way); thence following said right of way of River Street following the arc of a curve to the left an arc distance of 68.71 feet (said arc having a radius of 1959.86 feet and being subtended by a chord bearing South 12 degrees 11 minutes 13 seconds East a chord distance of 68.71 feet to an iron pin; thence leaving said right of way of River Street, running South 86 degrees 03 minutes 17 seconds West a distance of 630.92 feet to an iron pin; thence North 00 degrees 17 minutes 16 seconds West a distance of 489.54 feet to an iron pin; thence North 86 degrees 37 minutes 17 seconds East a distance of 562.50 feet to an iron pin and the POINT OF BEGINNING.

EXHIBIT C

INSURANCE

Throughout the term of the Loan, Debtor shall maintain, with respect to the Property, at its sole cost and expense, the following types and amounts of insurance, in addition to such other insurance as Lender may reasonably require from time to time:

(a) insurance against loss or damage to real property under an "all risk" or "special form" insurance policy, which shall include coverage against all risks of direct physical loss, including, but not limited to, loss by fire, lightning, wind, terrorism, and other risks normally included in the standard ISO special form (and shall also include National Flood and Excess Flood insurance if the Property is located within a 100-year floodplain (FEMA Zones A and V) and earthquake insurance if the Property is located within a moderate to high earthquake hazard zone as determined by an approved insurance company set forth in paragraph (x) below). Such policy shall also include coverage for ordinance or law covering the loss of value of the undamaged portion of the Property, costs to demolish and the increased costs of construction if any of the improvements located on, or the use of, the Property shall at any time constitute legal non-conforming structures or uses. Ordinance or law limits shall be in an amount equal to the full replacement cost for the loss of value of the undamaged portion of the Property and no less than 25% of the replacement cost for costs to demolish and the increased cost of construction, or in an amount otherwise specified by Lender. Such insurance shall be in amounts sufficient to prevent Lender from becoming a co-insurer under the applicable policies, and in any event, after application of deductible, in amounts not less than 100% of the full insurable replacement cost values and sublimits satisfactory to Lender, as determined from time to time at Lender's request but not more frequently than once in any 12-month period;

(b) commercial general liability insurance, including products and completed operation liability, covering Lender and Debtor against bodily injury liability, property damage liability and personal and advertising injury, including without limitation any liability arising out of the ownership, maintenance, repair, condition or operation of the Property or adjoining ways, streets, parking lots or sidewalks. Such insurance policy or policies shall contain a broad form contractual liability endorsement under which the insurer agrees to insure Debtor's obligations under Section 14 hereof to the extent insurable, and a "severability of interest" clause or endorsement which precludes the insurer from denying the claim of Debtor or Lender because of the negligence or other acts of the other, shall be in amounts of not less than \$10,000,000.00 per occurrence for bodily injury and property damage, and \$10,000,000.00 general aggregate per location, or such higher limits as Lender may reasonably require from time to time, and shall be of form and substance satisfactory to Lender. Such limits of insurance can be acquired through a combination of Commercial General Liability and Umbrella liability policies;

(c) Workers' compensation and Employer's Liability insurance in the statutorily mandated limits covering all persons employed by Debtor on the Property in connection with any work done on the Property for which claims for death or bodily injury could be asserted against Lender, Debtor or the Property;

(d) Business interruption insurance, equal to 100% of the continuing expense including debt services and profits (as may adjusted hereunder) for a period of not less than 12 months. Such insurance is to follow form of the real property all risk" or "special form" coverage and is not to contain a co-insurance clause;

(e) if applicable, Comprehensive Boiler & Machinery Insurance against loss or damage from explosion of any steam or pressure boilers or similar apparatus, if any, located in or about the Property and in an amount equal to the lesser of 25% of the 100% replacement cost of the Property or \$5,000,000.00; and

(f) such additional and/or other insurance and in such amounts as at the time is customarily carried by prudent owners or tenants with respect to improvements similar in character, location and use and occupancy to the Property.

All insurance policies shall:

(i) provide (A) for a waiver of subrogation by the insurer as to claims against Lender, its employees and agents, (B) that the insurer shall not deny a claim and that such insurance cannot be unreasonably cancelled, invalidated or suspended on account of the conduct of Debtor, its officers, directors, employees or agents, or anyone acting for Debtor or any subtenant or other occupant of the Property, and (C) that any losses otherwise payable thereunder shall be payable notwithstanding any act or omission of Lender or Debtor which might, absent such provision, result in a forfeiture of all or a part of such insurance payment;

(ii) be primary and provide that any "other insurance" clause in the insurance policy shall exclude any policies of insurance maintained by Lender and the insurance policy shall not be brought into contribution with insurance maintained by Lender;

(iii) contain deductibles not to exceed \$25,000.00, other than earthquake and flood deductibles which shall not exceed \$50,000;

(iv) contain a standard non-contributory mortgagee clause or endorsement in favor of Lender and any lender designated by Lender;

(v) provide that the policy of insurance shall not be terminated, cancelled or amended without at least 30 days' prior written notice to Lender and to any lender covered by any standard non-contributory mortgagee clause or endorsement;

(vi) be in amounts sufficient at all times to satisfy any coinsurance requirements thereof;

(vii) except for workers' compensation insurance referred to in paragraph C. above, name Lender and any Lender Affiliate or lender requested by Lender, as an "additional insured" with respect to general liability insurance, and as a "mortgagee" with respect to real property and "loss payee" with respect to all real property and rental value insurance, as appropriate and as their interests may appear;

(ix) be evidenced by delivery to Lender and any lender designated by Lender of an Acord Form 28 for property, business income, rental value and boiler and machinery coverage (or any other form requested by Lender) and an Acord Form 25 for commercial general liability, workers' compensation and umbrella coverage (or any other form requested by Lender); provided that in the event that either such form is no longer available, such evidence of insurance shall be in a form reasonably satisfactory to Lender and any lender designated by Lender; and

(x) be issued by insurance companies licensed to do business in the state where the Property is located and which are rated "A:VIII" or better by Best's Insurance Guide or are otherwise approved by Lender.

It is expressly understood and agreed that (a) if any insurance required hereunder, or any part thereof, shall expire, be withdrawn, become void by breach of any condition thereof by Debtor, or become void or in jeopardy by reason of the failure or impairment of the capital of any insurer, Debtor shall immediately obtain new or additional insurance reasonably satisfactory to Lender and any lender designated by Lender; (b) the foregoing minimum limits of insurance coverage shall not limit the liability of Debtor for its acts or omissions as provided in this Agreement; and (c) Debtor shall procure policies for all insurance for periods of not less than one year and shall provide to Lender and any servicer or lender of Lender certificates of insurance or, upon Lender's request, duplicate originals of insurance policies evidencing that insurance satisfying the requirements of this Agreement is in effect at all times.

Debtor shall pay as they become due all premiums for the insurance required hereunder. In the event that Debtor fails to comply with any of the foregoing requirements within 10 days of the giving of written notice by Lender to Debtor, Lender shall be entitled to procure such insurance. Any sums expended by Lender in procuring such insurance shall be immediately repaid by Debtor (and said repayment shall be secured by the Mortgage), together with interest thereon at the Default Rate, from the time of payment by Lender until fully paid by Debtor immediately upon written demand therefor by Lender.

Notwithstanding anything to the contrary in this Agreement, any insurance which Debtor is required to obtain pursuant to this Exhibit may be carried under a "blanket" policy or policies covering other properties or liabilities of Debtor provided that such "blanket" policy or policies otherwise comply with the provisions of this Exhibit.

EXHIBIT D

SUPPLEMENTAL FINANCIAL INFORMATION

Debtor shall deliver the following information in connection with delivery of the corporate financial statements required in Section 5(i) of the Agreement.

Corporate Financial Reporting Certificate

Company:

For the Qtr or FYE ending _____

of months represented _____

Number of units operating at the end of reporting period _____

EBITDAR Calculation:

Net Income _____

Plus: Interest Expense _____

Plus: Taxes _____

Plus: Depreciation & Amortization _____

Plus: Operating Lease Expense _____

Plus: Any non-recurring expenses (please clarify below) _____

Plus: Any other non-cash expenses (please clarify below) _____

EBITDAR _____

Items required to be broken out of Balance Sheet:

Current Portion of Long-Term Debt _____

Current Portion of any Capital Leases _____

Senior Third-Party Debt Balances _____

Subordinate/Related Party Debt Balances _____

Explanations of non-recurring and non-cash items:

Debtor shall deliver the following information in connection with delivery of the unit-level financial statements required in Section 5(i) of the Agreement.

STORE Capital Unit-Level Financial Reporting Certificate

Unit ID:	1	2	3
For the Qtr or FYE ending	_____	_____	_____
# of months represented	_____	_____	_____

Store-Level pre-corporate overhead EBITDAR Calculation:

Store-Level Net Income	_____	_____	_____
Plus: Interest Expense	_____	_____	_____
Plus: Taxes	_____	_____	_____
Plus: Depreciation & Amortization	_____	_____	_____
Plus: Property Rent Expense (base rent + any % rent)	_____	_____	_____
Plus: Any corporate overhead allocations to the unit	_____	_____	_____
Plus: Any non-recurring expenses (please clarify below)	_____	_____	_____
Plus: Any other non-cash expenses (please clarify below)	_____	_____	_____
EBITDAR			

Items required to be broken out on unit-level profit and loss statement:

Cost Goods Sold	_____	_____	_____
Labor Expenses	_____	_____	_____

Explanations of non-recurring and non-cash items:

MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT (this "Lease") is made as of June 14, 2016 (the "Effective Date"), by and between **STORE CAPITAL ACQUISITIONS, LLC**, a Delaware limited liability company ("Lessor"), whose address is 8501 E. Princess Drive, Suite 190, Scottsdale, Arizona 85255, and **MARQUIS REAL ESTATE HOLDINGS, LLC**, a Delaware limited liability company ("Lessee"), whose address is 3525 Del Mar Heights Road, Suite 765, San Diego, CA 92130. Capitalized terms not defined herein shall have the meanings set forth in Exhibit A hereto.

In consideration of the mutual covenants and agreements herein contained, Lessor and Lessee hereby covenant and agree as follows:

ARTICLE I

BASIC LEASE TERMS

Section 1.01. Properties. The street addresses and legal descriptions of the Properties are set forth on Exhibit B attached hereto and incorporated herein.

Section 1.02. Initial Term Expiration Date. June 30, 2031.

Section 1.03. Extension Options. Five (5) extensions of five (5) years each, as described in Section 3.02.

Section 1.04. Term Expiration Date (if fully extended). June 30, 2056. **Section 1.05. Initial Base Annual Rental.** \$59,614, as described in Article IV. **Section 1.06. Rental Adjustment.** 17.2%, as described in Section 4.02.

Section 1.07. Adjustment Date. July 1, 2017 and annually thereafter during the Lease Term (including any Extension Term).

Section 1.08. Guarantor. Marquis Industries, Inc., a Georgia corporation.

Section 1.09. Lessee Tax Identification No. 81-2862543.

Section 1.10. Lessor Tax Identification No. 45-2674893.

ARTICLE II

LEASE OF PROPERTIES

Section 2.01. Lease. In consideration of Lessee's payment of the Rental and other Monetary Obligations and Lessee's performance of all other obligations hereunder, Lessor hereby leases to Lessee, and Lessee hereby takes and hires, the Properties, "AS IS" and "WHERE IS" without representation or warranty by Lessor, and subject to the existing state of title, the parties in possession, any statement of facts which an accurate survey or physical inspection might reveal, and all Legal Requirements now or hereafter in effect.

Section 2.02. Quiet Enjoyment. So long as Lessee shall pay the Rental and other Monetary Obligations provided in this Lease and shall keep and perform all of the terms, covenants and conditions on its part contained herein and subject to the rights of Lessor under Section 12.02, Lessee shall have, subject to the terms and conditions set forth herein, the right to the peaceful and quiet enjoyment and occupancy of the Properties.

ARTICLE III

LEASE TERM; EXTENSION

Section 3.01. Initial Term. The initial term of this Lease ("Initial Term") shall commence as of the Effective Date and shall expire at midnight on June 30, 2031, unless terminated sooner as provided in this Lease and as may be extended as provided herein. The time period during which this Lease shall actually be in effect, including any Extension Term, is referred to as the "Lease Term."

Section 3.02. Extensions. Unless this Lease has expired or has been sooner terminated, or an Event of Default has occurred and is continuing at the time any extension option is exercised, Lessee shall have the right and option (each, an "Extension Option") to extend the Initial Term for all and not less than all of the Properties for five (5) additional successive periods of five (5) years each (each, an "Extension Term"), pursuant to the terms and conditions of this Lease then in effect.

Section 3.03. Notice of Exercise. Lessee may exercise the Extension Options by giving written notice thereof to Lessor of its election to do so no later than one hundred twenty (120) days prior to the expiration of the then-current Lease Term. If written notice of the exercise of any Extension Option is not received by Lessor by the applicable dates described above, then Lessor shall make commercially reasonable efforts to notify Lessee of the pending expiration of the then-current Lease Term (which shall include providing written notice as provided in Section 15.01 below). Unless otherwise extended, this Lease shall terminate on the last day of the Initial Term or, if applicable, the last day of the Extension Term then in effect. Upon the request of Lessor or Lessee, the parties hereto will, at the expense of Lessee, execute and exchange an instrument in recordable form setting forth the extension of the Lease Term in accordance with this Section 3.03.

Section 3.04. Removal of Personalty. Upon the expiration of the Lease Term, and if Lessee is not then in breach hereof, Lessee may remove from the Properties and Improvements all personal property belonging to Lessee. Lessee shall leave all of the Properties and Improvements clean and in good and working condition and repair inside and out, subject to normal wear and tear, casualty and condemnation. The Improvements, all Personalty and any other left on the Properties on the thirtieth day following the expiration of the Lease Term shall, at Lessor's option, automatically and immediately become the property of Lessor.

Section 3.05. Lease Termination Prior to Term Expiration Date. As described more fully in the Loan Documents, upon a termination of this Lease at any time prior to the expiration of the Lease Term, the outstanding principal balance of the Note, all accrued and unpaid interest, and all other amounts, fees, and charges due under the Loan Documents shall immediately become due and payable and the Mortgage Loan Lender shall have the right to enforce its liens and security interests and exercise any rights under the Loan Documents, applicable law, and/or principles of equity.

ARTICLE IV

RENTAL AND OTHER MONETARY OBLIGATIONS

Section 4.01. Base Monthly Rental. During the Lease Term, on or before the first day of each calendar month, Lessee shall pay in advance the Base Monthly Rental then in effect. If the Effective Date is a date other than the first day of the month, Lessee shall pay to Lessor on the Effective Date the Base Monthly Rental prorated by multiplying the Base Monthly Rental by a fraction, the numerator of which is the number of days remaining in the month (including the Effective Date) for which Rental is being paid, and the denominator of which is the total number of days in such month.

Section 4.02. Adjustments. During the Lease Term (including any Extension Term), on the first Adjustment Date and on each Adjustment Date thereafter, the Base Annual Rental shall increase by an amount equal to the Rental Adjustment; *provided, however*, that in no event shall Base Annual Rental be reduced as a result of the application of the Rental Adjustment.

Section 4.03. Additional Rental. Lessee shall pay and discharge, as additional rental ("Additional Rental"), all sums of money required to be paid by Lessee under this Lease which are not specifically referred to as Rental. Lessee shall pay and discharge any Additional Rental when the same shall become due, provided that amounts which are billed to Lessor or any third party, but not to Lessee, shall be paid within fifteen (15) days after Lessor's demand for payment thereof or, if earlier, when the same are due. In no event shall Lessee be required to pay to Lessor any item of Additional Rental that Lessee is obligated to pay and has paid to any third party pursuant to any provision of this Lease.

Section 4.04. Rentals to be Net to Lessor. The Base Annual Rental payable hereunder shall be net to Lessor, so that this Lease shall yield to Lessor the Rentals specified during the Lease Term, and all Costs and obligations of every kind and nature whatsoever relating to the Properties or the Improvements shall be performed and paid by Lessee. Lessee shall perform all of its obligations under this Lease at its sole cost and expense. All Rental and other Monetary Obligations which Lessee is required to pay hereunder shall be the unconditional obligation of Lessee and shall be payable in full when due and payable, without notice or demand, and without any setoff, abatement, deferment, deduction or counterclaim whatsoever.

Section 4.05. ACH Authorization. Upon execution of this Lease, Lessee shall deliver to Lessor a complete Authorization Agreement - Pre-Arranged Payments in the form of Exhibit C attached hereto and incorporated herein by this reference, together with a voided check for account verification, establishing arrangements whereby payments of the Base Monthly Rental are transferred by Automated Clearing House Debit initiated by Lessor from an account established by Lessee at a United States bank or other financial institution to such account as Lessor may designate. Lessee shall continue to pay all Rental by Automated Clearing House Debit unless otherwise directed by Lessor.

Section 4.06. Late Charges; Default Interest. Any delinquent payment shall, in addition to any other remedy of Lessor, incur a late charge of five percent (5%) (which late charge is intended to compensate Lessor for the cost of handling and processing such delinquent payment and should not be considered interest) and bear interest at the Default Rate, such interest to be computed from and including the date such payment was due through and including the date of the payment; *provided, however*, in no event shall Lessee be obligated to pay a sum of late charge and interest higher than the maximum legal rate then in effect.

Section 4.07. Holdover. If Lessee remains in possession of the Properties after the expiration of the term hereof, Lessee, at Lessor's option and within Lessor's sole discretion, may be deemed a tenant on a month-to-month basis and shall continue to pay Rentals and other Monetary Obligations in the amounts herein provided, except that the Base Monthly Rental shall be automatically increased to one hundred fifty percent (150%) of the last Base Monthly Rental payable under this Lease, and Lessee shall comply with all the terms of this Lease; *provided that* nothing herein nor the acceptance of Rental by Lessor shall be deemed a consent to such holding over. Lessee shall defend, indemnify, protect and hold the Indemnified Parties harmless from and against any and all Losses resulting from Lessee's failure to surrender possession upon the expiration of the Lease Term.

Section 4.08. Guaranty. On or before the execution of this Lease, Lessee shall cause Guarantor to execute and deliver to Lessor the Guaranty.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF LESSEE

The representations and warranties of Lessee contained in this Article V are being made to induce Lessor to enter into this Lease, and Lessor has relied, and will continue to rely, upon such representations and warranties. Lessee represents and warrants to Lessor as follows:

Section 5.01. Organization, Authority and Status of Lessee. Lessee has been duly organized or formed, is validly existing and in good standing under the laws of its state of formation and is qualified as a foreign limited liability company to do business in any jurisdiction where such qualification is required. All necessary and appropriate action has been taken to authorize the execution, delivery and performance by Lessee of this Lease and of the other documents, instruments and agreements provided for herein. Lessee is not, and if Lessee is a "disregarded entity," the owner of such disregarded entity is not, a "nonresident alien," "foreign corporation," "foreign partnership," "foreign trust," "foreign estate," or any other "person" that is not a "United States Person" as those terms are defined in the Code and the regulations promulgated thereunder. The Person who has executed this Lease on behalf of Lessee is duly authorized to do so.

Section 5.02. Enforceability. This Lease constitutes the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms.

Section 5.03. Litigation. There are no suits, actions, proceedings or investigations pending, or to the best of its knowledge, threatened against or involving any Lessee Entity or the Properties or the Improvements before any arbitrator or Governmental Authority which might reasonably result in any Material Adverse Effect.

Section 5.04. Absence of Breaches or Defaults. Lessee is not in default under any document, instrument or agreement to which Lessee is a party or by which Lessee, the Properties, the Improvements or any of Lessee's property is subject or bound, which has had, or could reasonably be expected to result in, a Material Adverse Effect. The authorization, execution, delivery and performance of this Lease and the documents, instruments and agreements provided for herein will not result in any breach of or default under any document, instrument or agreement to which Lessee is a party or by which Lessee, the Properties, the Improvements or any of Lessee's property is subject or bound.

Section 5.05. Compliance with OFAC Laws. None of the Lessee Entities, and no individual or entity owning directly or indirectly any interest in any of the Lessee Entities, is an individual or entity whose property or interests are subject to being blocked under any of the OFAC Laws or is otherwise in violation of any of the OFAC Laws; *provided, however*, that the representation contained in this sentence shall not apply to any Person to the extent such Person's interest is in or through a U.S. Publicly Traded Entity.

Section 5.06. Solvency. There is no contemplated, pending or threatened Insolvency Event or similar proceedings, whether voluntary or involuntary, affecting Lessee or any Lessee Entity. Lessee does not have unreasonably small capital to conduct its business.

Section 5.07. Ownership. None of (i) Lessee, (ii) any Affiliate of Lessee, or (iii) any Person owning ten percent (10%) or more of Lessee, owns, directly or indirectly, ten percent (10%) or more of the total voting power or total value of capital stock in STORE Capital Corporation.

ARTICLE VI

TAXES AND ASSESSMENTS; UTILITIES; INSURANCE

Section 6.01. Taxes.

(a) **Payment.** Subject to the provisions of Section 6.01(b) below, Lessee shall pay, prior to the earlier of delinquency or the accrual of interest on the unpaid balance, all taxes and assessments of every type or nature assessed against or imposed upon the Properties, the Improvements, Lessee or Lessor during the Lease Term related to or arising out of this Lease and the activities of the parties hereunder, including without limitation, (i) all taxes or assessments upon the Properties, the Improvements or any part thereof and upon any personal property located on the Properties, whether belonging to Lessor or Lessee, or any tax or charge levied in lieu of such taxes and assessments; (ii) all taxes, charges, license fees and or similar fees imposed by reason of the use of the Properties or the Improvements by Lessee; (iii) all excise, franchise, transaction, privilege, license, sales, use and other taxes upon the Rental or other Monetary Obligations hereunder, the leasehold estate of either party or the activities of either party pursuant to this Lease; and (iv) all franchise, privilege or similar taxes of Lessor calculated on the value of the Properties or on the amount of capital apportioned to the Properties. Notwithstanding anything in clauses (i) through (iv) to the contrary, Lessee shall not be obligated to pay or reimburse Lessor for any taxes based on the net income of Lessor.

(b) **Right to Contest.** Within thirty (30) days after each tax and assessment payment is required by this Section 6.01 to be paid, Lessee shall provide Lessor with evidence reasonably satisfactory to Lessor that taxes and assessments have been timely paid by Lessee. In the event Lessor receives a tax bill, Lessor shall use commercially reasonable efforts to forward said bill to Lessee within fifteen (15) days of Lessor's receipt thereof. Lessee may, at its own expense, contest or cause to be contested (in the case of any item involving more than \$10,000, after prior written notice to Lessor, which shall be given within fifteen (15) days of Lessee's determination to contest any matter as permitted herein), by appropriate legal proceedings conducted in good faith and with due diligence, any above-described item or lien with respect thereto, provided that (i) neither the Properties nor any interest therein would be in any danger of being sold, forfeited or lost by reason of such proceedings; (ii) no Event of Default has occurred and is continuing; (iii) if and to the extent required by the applicable taxing authority and/or Lessor, Lessee posts a bond or takes other steps acceptable to such taxing authority and/or Lessor that removes such lien or stays enforcement thereof; (iv) Lessee shall promptly provide Lessor with copies of all notices received or delivered by Lessee and filings made by Lessee in connection with such proceeding; and (v) upon termination of such proceedings, it shall be the obligation of Lessee to pay the amount of any such tax and assessment or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees (including attorneys' fees and disbursements), interest, penalties or other liabilities in connection therewith. Lessor shall at the request of Lessee, execute or join in the execution of any instruments or documents necessary in connection with such contest or proceedings, but Lessor shall incur no cost or obligation thereby.

Section 6.02. Utilities. Lessee shall contract, in its own name, for and pay when due all charges for the connection and use of water, gas, electricity, telephone, garbage collection, sewer use and other utility services supplied to the Properties or the Improvements during the Lease Term. Under no circumstances shall Lessor be responsible for any interruption of any utility service.

Section 6.03. Insurance.

(a) **Coverage.** Throughout the Lease Term, Lessee shall maintain, with respect to each of the Properties or the Improvements, at its sole expense, the following types and amounts of insurance, in addition to such other insurance as Lessor may reasonably require from time to time:

(i) Insurance against loss or damage to real property and personal property under an "all risk" or "special form" insurance policy, which shall include coverage against all risks of direct physical loss, including but not limited to loss by fire, lightning, wind, terrorism, and other risks normally included in the standard ISO special form (and shall also include National Flood and Excess Flood insurance for any Property located in Flood Zone A or Flood Zone V, as designated by FEMA, or otherwise located in a flood zone area identified by FEMA as a 100-year flood zone or special hazard area, and earthquake insurance if any Property is located within a moderate to high earthquake hazard zone as determined by an approved insurance company set forth in Section 6.03(b)(x) below). Such policy shall also include soft costs, a joint loss agreement, coverage for ordinance or law covering the loss of value of the undamaged portion of the Properties and the Improvements, costs to demolish and the increased costs of construction if any of the improvements located on, or the use of, the Properties and the Improvements shall at any time constitute legal non-conforming structures or uses. Ordinance or law limits shall be in an amount equal to the full replacement cost for the loss of value of the undamaged portion of the Properties and the Improvements and no less than 25% of the replacement cost for costs to demolish and the increased cost of construction, or in an amount otherwise specified by Lessor. Such insurance shall be in amounts not less than 100% of the full insurable replacement cost values (without deduction for depreciation), with an agreed amount endorsement or without any coinsurance provision, and with sublimits satisfactory to Lessor, as determined from time to time at Lessor's request but not more frequently than once in any 12-month period.

(ii) Commercial general liability insurance, including products and completed operation liability, covering Lessor and Lessee against bodily injury liability, property damage liability and personal and advertising injury, including without limitation any liability arising out of the ownership, maintenance, repair, condition or operation of every Property or adjoining ways, streets, parking lots or sidewalks. Such insurance policy or policies shall contain a broad form contractual liability endorsement under which the insurer agrees to insure Lessee's obligations under Article X hereof to the extent insurable, and a "severability of interest" clause or endorsement which precludes the insurer from denying the claim of Lessee or Lessor because of the negligence or other acts of the other, shall be in amounts of not less than \$10,000,000 per occurrence for bodily injury and property damage, and \$10,000,000 general aggregate per location, or such higher limits as Lessor may reasonably require from time to time, and shall be of form and substance satisfactory to Lessor. Such limits of insurance can be acquired through Commercial General liability and Umbrella liability policies.

(iii) Workers' compensation and Employers Liability insurance with statutorily mandated limits covering all persons employed by Lessee on the Properties and the Improvements in connection with any work done on or about any of the Properties or the Improvements for which claims for death or bodily injury could be asserted against Lessor, Lessee or the Properties.

(iv) Business interruption insurance including Rental Value Insurance payable to Lessor at all locations for a period of not less than twelve (12) months. Such insurance is to follow the form of the real property "all risk" or "special form" coverage and is not to contain a co-insurance clause. Such insurance is to have a minimum of 180 days of extended period of indemnity.

(v) Comprehensive Boiler and Machinery Insurance against loss or damage from explosion of any steam or pressure boilers or similar apparatus, if any, located in or about each Property and in an amount equal to the lesser of 25% of the 100% replacement cost of each Property or \$5,000,000.

(vi) Such additional and/or other insurance and in such amounts as at the time is customarily carried by prudent owners or tenants with respect to improvements and personal property similar in character, location and use and occupancy to each Property.

(b) **Insurance Provisions.** All insurance policies shall:

- (i) provide for a waiver of subrogation by the insurer as to claims against Lessor, its employees and agents;
- (ii) be primary and provide that any "other insurance" clause in the insurance policy shall exclude any policies of insurance maintained by Lessor and the insurance policy shall not be brought into contribution with insurance maintained by Lessor;
- (iii) contain deductibles not to exceed \$25,000, other than earthquake and flood deductibles which shall not exceed \$50,000;
- (iv) contain a standard non-contributory mortgagee clause or endorsement in favor of any Lender designated by Lessor;
- (v) provide that the policy of insurance shall not be terminated, cancelled or amended without at least thirty (30) days' prior written notice to Lessor and to any Lender covered by any standard mortgagee clause or endorsement;
- (vi) be in amounts sufficient at all times to satisfy any coinsurance requirements thereof;
- (vii) except for workers' compensation insurance referred to in Section 6.03(a)(iii) above, name Lessor and any Lessor Affiliate or Lender requested by Lessor, as an "additional insured" with respect to liability insurance, and as an "additional named insured" or "additional insured" with respect to real property and rental value insurance, as appropriate and as their interests may appear;
- (viii) be evidenced by delivery to Lessor and any Lender designated by Lessor of an Acord Form 28 for property, business interruption and boiler & machinery coverage (or any other form requested by Lessor) and an Acord Form 25 for commercial general liability, workers' compensation and umbrella coverage (or any other form requested by Lessor); provided that in the event that either such form is no longer available, such evidence of insurance shall be in a form reasonably satisfactory to Lessor and any Lender designated by Lessor; and
- (ix) be issued by insurance companies licensed to do business in the states where the Properties are located and which are rated no less than A-X by Best's Insurance Guide or are otherwise approved by Lessor.

(c) **Additional Obligations.** It is expressly understood and agreed that (i) if any insurance required hereunder, or any part thereof, shall expire, be withdrawn, become void by breach of any condition thereof by Lessee, or become void or in jeopardy by reason of the failure or impairment of the capital of any insurer, Lessee shall immediately obtain new or additional insurance reasonably satisfactory to Lessor and any Lender designated by Lessor; (ii) the minimum limits of insurance coverage set forth in this Section 6.03 shall not limit the liability of Lessee for its acts or omissions as provided in this Lease; (iii) Lessee shall procure policies for all insurance for periods of not less than one year and shall provide to Lessor and any servicer or Lender of Lessor certificates of insurance or, upon Lessor's request, duplicate originals of insurance policies evidencing that insurance satisfying the requirements of this Lease is in effect at all times; (iv) Lessee shall pay as they become due all premiums for the insurance required by this Section 6.03; (v) in the event that Lessee fails to comply with any of the requirements set forth in this Section 6.03, within ten (10) days of the giving of written notice by Lessor to Lessee, (A) Lessor shall be entitled to procure such insurance; and (B) any sums expended by Lessor in procuring such insurance shall be Additional Rental and shall be repaid by Lessee, together with interest thereon at the Default Rate, from the time of payment by Lessor until fully paid by Lessee immediately upon written demand therefor by Lessor; and (vi) Lessee shall maintain all insurance policies required in this Section 6.03 not to be cancelled, invalidated or suspended on account of the conduct of Lessee, its officers, directors, managers, members, employees or agents, or anyone acting for Lessee or any subtenant or other occupant of the Properties, and shall comply with all policy conditions and warranties at all times to avoid a forfeiture of all or a part of any insurance payment.

(d) **Blanket Policies.** Notwithstanding anything to the contrary in this Section 6.03, any insurance which Lessee is required to obtain pursuant to this Section 6.3 may be carried under a "blanket" policy or policies covering other properties or liabilities of Lessee provided that such "blanket" policy or policies otherwise comply with the provisions of this Section 6.03.

Section 6.04. Tax Impound. Upon the occurrence and continuation of such an Event of Default and with respect to each Event of Default, in addition to any other remedies, Lessor may require Lessee to pay to Lessor on the first day of each month the amount that Lessor reasonably estimates will be necessary in order to accumulate with Lessor sufficient funds in an impound account (which shall not be deemed a trust fund) (the "Reserve") for Lessor to pay any and all real estate taxes ("Real Estate Taxes") for the Properties and the Improvements for the ensuing twelve (12) months, or, if due sooner, Lessee shall pay the required amount immediately upon Lessor's demand therefor. Lessor shall, upon prior written request of Lessee, provide Lessee with evidence reasonably satisfactory to Lessee that payment of the Real Estate Taxes was made in a timely fashion. In the event that the Reserve does not contain sufficient funds to timely pay any Real Estate Taxes, upon Lessor's written notification thereof, Lessee shall, within five (5) Business Days of such notice, provide funds to Lessor in the amount of such deficiency. Lessor shall pay or cause to be paid directly to the applicable taxing authorities any Real Estate Taxes then due and payable for which there are funds in the Reserve; *provided, however*, that in no event shall Lessor be obligated to pay any Real Estate Taxes in excess of the funds held in the Reserve, and Lessee shall remain liable for any and all Real Estate Taxes, including fines, penalties, interest or additional costs imposed by any taxing authority (unless incurred as a result of Lessor's failure to timely pay Real Estate Taxes for which it had funds in the Reserve). Lessee shall cooperate fully with Lessor in assuring that the Real Estate Taxes are timely paid. Lessor may deposit all Reserve funds in accounts insured by any federal or state agency and may commingle such funds with other funds and accounts of Lessor. Interest or other gains from such funds, if any, shall be the sole property of Lessor. Upon an Event of Default, in addition to any other remedies, Lessor may apply all impounded funds in the Reserve against any sums due from Lessee to Lessor. Lessor shall give to Lessee an annual accounting showing all credits and debits to and from such impounded funds received from Lessee.

ARTICLE VII

MAINTENANCE; ALTERATIONS

Section 7.01. Condition of Property; Maintenance. Lessee hereby accepts the Properties "AS IS" and "WHERE IS" with no representation or warranty of Lessor as to the condition thereof. Lessee shall, at its sole cost and expense, be responsible for (a) keeping all of the building, structures and improvements erected on each of the Properties (including the Improvements) in good order and repair, free from actual or constructive waste; (b) the repair or reconstruction of any building, structures or improvements erected on the Properties (including the Improvements) damaged or destroyed by a Casualty; (c) subject to Section 7.02, making all necessary structural, non-structural, exterior and interior repairs and replacements to any building, structures or improvements erected on the Properties; (d) operating, remodeling, updating and modernizing the Properties and the Improvements in accordance with prudent business practices; (e) (i) ensuring that no party encroaches upon any Property, (ii) protecting, defending, indemnifying, releasing and holding the Indemnified Parties harmless from and against any and all claims and Losses arising out of or in any way relating to any encroachments and/or activities upon any Property caused by any Person; and (iii) prosecuting any claims that Lessee seeks to bring against any Person relating to Lessee's use and possession of any Property; and (f) paying all operating costs of the Properties in the ordinary course of business. Lessee waives any right to require Lessor to maintain, repair or rebuild all or any part of the Properties or make repairs at the expense of Lessor pursuant to any Legal Requirements at any time in effect. In no event may Lessee remove the Improvements from the Property during the Lease Term.

Section 7.02. Alterations and Improvements. During the Lease Term, Lessee shall not alter the exterior, structural, plumbing or electrical elements of the Properties or the Improvements in any manner without the consent of Lessor, which consent shall not be unreasonably withheld or conditioned; *provided, however,* Lessee may undertake nonstructural alterations to the Properties or the Improvements, costing less than \$500,000 annually in the aggregate without Lessor's prior written consent:(which may include ancillary work to the plumbing, electrical, HVAC and other building systems in compliance with Legal Requirements). If Lessor's consent is required hereunder and Lessor consents to the making of any such alterations, the same shall be made by Lessee at Lessee's sole expense by a licensed contractor. Any work at any time commenced by Lessee on the Properties and the Improvements shall be prosecuted diligently to completion, shall be of good workmanship and materials and shall comply fully with all the terms of this Lease and all Legal Requirements. Upon completion of any alterations costing \$500,000 or more in the aggregate, Lessee shall promptly provide Lessor with evidence of full payment to all laborers and materialmen contributing to the alterations. Additionally, upon completion of any alterations, Lessee shall promptly provide Lessor with (a) an architect's certificate certifying the alterations to have been completed in conformity with the plans and specifications (if the alterations are of such a nature as would require the issuance of such a certificate from the architect); (b) a certificate of occupancy (if the alterations are of such a nature as would require the issuance of a certificate of occupancy); and (c) any other documents or information reasonably requested by Lessor. Lessee shall keep the Properties and the Improvements free from any liens arising out of any work performed on, or materials furnished to, the Properties or the Improvements. Lessee shall execute and file or record, as appropriate, a "Notice of Non-Responsibility," or any equivalent notice permitted under applicable Law in the states where the Properties are located which provides that Lessor is not responsible for the payment of any costs or expenses relating to the additions or alterations. In no event may Lessee remove the Improvements from the Property during the Lease Term.

Section 7.03. Encumbrances. Without Lessor's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed, Lessee shall not grant any easements on, over, under or above the Properties.

ARTICLE VIII

USE OF THE PROPERTIES; COMPLIANCE

Section 8.01. Use. During the Lease Term, without the prior written consent of Lessor, such consent not to be unreasonably withheld, conditioned or delayed, each of the Properties shall be used solely for the operation of a Permitted Facility. Except during periods when a Property is untenable due to Casualty or Condemnation (and provided that Lessee continues to strictly comply with the other terms and conditions of this Lease), Lessee shall at all times during the Lease Term occupy the Properties and shall diligently operate its business on the Properties. In the event that Lessee shall change the use of the Properties or the concept or brand operated on the Properties, only as may be expressly permitted herein or consented to by Lessor in writing, Lessee shall provide Lessor with written notice of any such change and copies of the franchise agreement(s) related to such new concept or brand, if any.

Section 8.02. Compliance. Lessee's use and occupation of each of the Properties, and the condition thereof, shall, at Lessee's sole cost and expense, comply fully with all Legal Requirements and all restrictions, covenants and encumbrances of record, and any owner obligations under such Legal Requirements, or restrictions, covenants and encumbrances of record, with respect to the Properties, in either event, the failure with which to comply could have a Material Adverse Effect. Without in any way limiting the foregoing provisions, Lessee shall comply with all Legal Requirements relating to anti-terrorism, trade embargos, economic sanctions, Anti-Money Laundering Laws, and the Americans with Disabilities Act of 1990, as such act may be amended from time to time, and all regulations promulgated thereunder, as it affects the Properties now or hereafter in effect. Lessee shall obtain, maintain and comply with all required licenses and permits, both governmental and private, to use and operate the Properties as Permitted Facilities. Upon Lessor's written request from time to time during the Lease Term, Lessee shall certify in writing to Lessor that Lessee's representations, warranties and obligations under Section 5.05 and this Section 8.02 remain true and correct in all material respects and have not been breached. Lessee shall immediately notify Lessor in writing if any of such representations, warranties or covenants are no longer true in all material respects or have been breached or if Lessee has a reasonable basis to believe that they may no longer be true or have been breached. In connection with such an event, Lessee shall comply with all Legal Requirements and directives of Governmental Authorities and, at Lessor's request, provide to Lessor copies of all notices, reports and other communications exchanged with, or received from, Governmental Authorities relating to such an event. Lessee shall also reimburse Lessor for all reasonable Costs incurred by Lessor in evaluating the effect of such an event on the Properties and this Lease, in obtaining any necessary license from Governmental Authorities as may be necessary for Lessor to enforce its rights under the Transaction Documents, and in complying with all Legal Requirements applicable to Lessor as the result of the existence of such an event and for any penalties or fines imposed upon Lessor as a result thereof. Lessee will use its best efforts to prevent any act or condition to exist on or about the Properties that will materially increase any insurance rate thereon, except when such acts are required in the normal course of its business and Lessee shall pay for such increase. Lessee agrees that it will defend, indemnify and hold harmless the Indemnified Parties from and against any and all Losses caused by, incurred or resulting from Lessee's failure to comply with its obligations under this Section.

Section 8.03. Environmental.

(a) Covenants.

(i) Lessee covenants to Lessor during the Lease Term, subject to the limitations of subsection (ii) below, as follows:

(A) All uses and operations on or of the Properties, whether by Lessee or any other Person, shall be in compliance with all Environmental Laws and permits issued pursuant thereto.

(B) There shall be no Releases in, on, under or from the Properties, except in Permitted Amounts.

(C) There shall be no Hazardous Materials or Regulated Substances in, on or under the Properties, except in Permitted Amounts. Above and below ground storage tanks shall be properly permitted and only used as permitted.

(D) Lessee shall keep the Properties or cause the Properties to be kept free and clear of all Environmental Liens, whether due to any act or omission of Lessee or any other Person.

(E) Lessee shall not act or fail to act or allow any other tenant, occupant, guest, customer or other user of the Properties to act or fail to act in any way that (1) materially increases a risk to human health or the environment, (2) poses an unreasonable or unacceptable risk of harm to any Person or the environment (whether on or off any of the Properties), (3) has a Material Adverse Effect, (4) is contrary to any material requirement set forth in the insurance policies maintained by Lessee or Lessor, (5) violates any covenant, condition, agreement or easement applicable to the Properties in a material respect, or (6) would result in any reopening or reconsideration of any prior investigation or causes a new investigation by a Governmental Authority having jurisdiction over any Property.

(F) Lessee shall, at its sole cost and expense, fully and expeditiously cooperate in all activities pursuant to this Section 8.04, including but not limited to providing all relevant information and making knowledgeable persons available for interviews.

(ii) Notwithstanding any provision of this Lease to the contrary, an Event of Default shall not be deemed to have occurred as a result of the failure of Lessee to satisfy any one or more of the covenants set forth in subsections (A) through (E) above provided that Lessee shall be in compliance with the requirements of any Governmental Authority with respect to the Remediation of any Release at the Properties.

(b) **Notification Requirements.** Lessee shall immediately notify Lessor in writing upon Lessee obtaining actual knowledge of (i) any Releases or Threatened Releases in, on, under or from any of the Properties other than in Permitted Amounts, or migrating towards any of the Properties; (ii) any non-compliance with any Environmental Laws related in any way to any of the Properties; (iii) any actual or potential Environmental Lien or activity use limitation; (iv) any required or proposed Remediation of environmental conditions relating to any of the Properties required by applicable Governmental Authorities; and (v) any written or oral notice or other communication of which Lessee becomes aware from any source whatsoever (including but not limited to a Governmental Authority) relating in any way to Hazardous Materials, Regulated Substances or above or below ground storage tanks, or Remediation thereof at or on any of the Properties, other than in Permitted Amounts, possible liability of any Person relating to any of the Properties pursuant to any Environmental Law, other environmental conditions in connection with any of the Properties, or any actual or potential administrative or judicial proceedings in connection with anything referred to in this Section. Lessee shall, upon Lessor's written request, deliver to Lessor a certificate stating that Lessee is and has been in full compliance with all of the environmental representations, warranties and covenants in this Lease.

(c) **Remediation.** Lessee shall, at its sole cost and expense, and without limiting any other provision of this Lease, effectuate any Remediation required by any Governmental Authority of any condition (including, but not limited to, a Release or Threatened Release) in, on, under or from the Properties and take any other reasonable action deemed necessary by any Governmental Authority for protection of human health or the environment. Should Lessee fail to undertake any required Remediation in accordance with the preceding sentence, Lessor, after written notice to Lessee and Lessee's failure to immediately undertake such Remediation, shall be permitted to complete such Remediation, and all Costs incurred in connection therewith shall be paid by Lessee. Any Cost so paid by Lessor, together with interest at the Default Rate, shall be deemed to be Additional Rental hereunder and shall be immediately due from Lessee to Lessor.

(d) **Indemnification.** Lessee shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless each of the Indemnified Parties from and against any and all Losses, including, but not limited to, all Costs of Remediation (whether or not performed voluntarily), arising out of or in any way relating to any Environmental Laws, Hazardous Materials, Regulated Substances, above or below ground storage tanks, or other environmental matters concerning the Properties or the Improvements. It is expressly understood and agreed that Lessee's obligations under this Section shall survive the expiration or earlier termination of this Lease for any reason.

(e) **Right of Entry.** In the event that Lessor has a reasonable basis to believe that a Release or a violation of any Environmental Law has occurred, Lessor and any other Person designated by Lessor, including but not limited to any receiver, any representative of a Governmental Authority, and any environmental consultant, shall have the right, but not the obligation, to enter upon the Properties at all reasonable times to assess any and all aspects of the environmental condition of any Property and its use, including but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in Lessor's sole and absolute discretion) and taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing. Lessee shall cooperate with and provide access to Lessor and any other Person designated by Lessor. Any such assessment or investigation shall be at Lessee's sole cost and expense.

(f) **Survival.** The obligations of Lessee and the rights and remedies of Lessor under this Section 8.03 shall survive the termination, expiration and/or release of this Lease.

ARTICLE IX

ADDITIONAL COVENANTS

Section 9.01. Performance at Lessee's Expense. Lessee acknowledges and confirms that Lessor may impose reasonable administrative, processing or servicing fees, and collect its reasonable attorneys' fees, costs and expenses in connection with (a) any modification, amendment (other than for the Extension Options) and termination of this Lease requested by Lessee; (b) any release or substitution of Properties requested by Lessee; (c) the procurement of consents, waivers and approvals with respect to the Properties or any matter related to this Lease requested by Lessee; (d) the review of any assignment or sublease or proposed assignment or sublease or the preparation or review of any subordination or non-disturbance agreement requested by Lessee not to exceed \$1,000; (e) the collection, maintenance and/or disbursement of reserves created under this Lease or the other Transaction Documents (following an Event of Default); and (f) inspections required to make certain determinations under this Lease or the other Transaction Documents following Lessor's reasonable belief of a breach under this Lease or any other Transaction Documents.

Section 9.02. Inspection. Lessor and its authorized representatives shall have the right, at all reasonable times and upon giving reasonable prior notice (except in the event of an emergency, in which case no prior notice shall be required), to enter the Properties or any part thereof and inspect the same up to three (3) times in one calendar year or at any time in the event Lessor has a reasonable basis to believe an Event of Default has occurred and is continuing. Lessee hereby waives any claim for damages for any injury or inconvenience to or interference with Lessee's business, any loss of occupancy or quiet enjoyment of the Properties and any other loss occasioned by such entry, but, subject to Section 10.01, excluding damages arising as a result of the gross negligence or willful misconduct of Lessor.

Section 9.03. Financial Information.

(a) **Financial Statements.** Within thirty (30) days after the end of each fiscal quarter and within one hundred twenty (120) days after the end of each fiscal year of Lessee and Lessee Reporting Entities, Lessee shall deliver to Lessor complete (and audited in the case of year-end statements) consolidated financial statements that consolidate Lessee and Lessee Reporting Entities, including a balance sheet, profit and loss statement, statement of stockholders' equity and statement of cash flows and all other related schedules for the fiscal period then ended, such statements to detail separately interest expense, income taxes, non-cash expenses, non-recurring expenses, operating lease expense and current portion of long-term debt - capital leases. All such financial statements shall be prepared in accordance with GMP, and shall be certified to be accurate and complete by an officer or director of each Lessee Reporting Entity.

In addition, in the event Lessee Reporting Entities operate fifteen (15) or more locations (seven (7) in addition to the Properties under this Lease), Lessee and Lessee Reporting Entities shall provide income statements for the business at each of the Properties within thirty (30) days after the end of each fiscal quarter and one hundred and twenty (120) days after the end of each fiscal year; and in such event (15 or more locations) and if Lessee's business at the Properties is ordinarily consolidated with other business for financial statements purposes, a separate profit and loss statement shall be provided showing separately the sales, profits and losses pertaining to each Property with interest expense, income taxes, non-cash expenses, non-recurring expenses and operating lease expense (rent), with the basis for allocation of overhead or other charges being clearly set forth in accordance with Schedule 9.03.

(b) **Other Information.** Notwithstanding any provision contained herein, upon request at any time, Lessee will provide to Lessor, at no additional cost or expense to Lessee, any and all financial information and/or financial statements of Lessee Reporting Entities (and in the form or forms) as reasonably requested by Lessor if required in connection with Lessor's filings with or disclosures to the Securities and Exchange Commission or other Governmental Authority.

Section 9.04. OFAC Laws. Upon receipt of notice or upon actual knowledge thereof, Lessee shall immediately notify Lessor in writing if any Person owning (directly or indirectly) any interest in any of the Lessee Entities, or any director, officer, shareholder, member, manager or partner of any of such holders is a Person whose property or interests are subject to being blocked under any of the OFAC Laws, or is otherwise in violation of any of the OFAC Laws, or is under investigation by any Governmental Authority for, or has been charged with, or convicted of, drug trafficking, terrorist-related activities or any violation of the Anti-Money Laundering Laws, has been assessed civil penalties under these or related Laws, or has had funds seized or forfeited in an action under these or related Laws; *provided, however,* that the covenant in this Section 9.04 shall not apply to any Person to the extent such Person's interest is in or through a U.S. Publicly Traded Entity.

Section 9.05. Estoppel Certificate. At any time, and from time to time, up to twice in one calendar year (other than in the instance of a proposed sale of the Property), Lessee shall, promptly and in no event later than ten (10) days after a request from Lessor or any Lender or mortgagee of Lessor, execute, acknowledge and deliver to Lessor or such Lender or mortgagee, as the case may be, a certificate in the form supplied by Lessor, certifying: (a) that Lessee has accepted the Properties; (b) that this Lease is in full force and effect and has not been modified (or if modified, setting forth all modifications), or, if this Lease is not in full force and effect, the certificate shall so specify the reasons therefor; (c) the commencement and expiration dates of the Lease Term; (d) the date to which the Rentals have been paid under this Lease and the amount thereof then payable; (e) whether there are then any existing defaults by Lessor in the performance of its obligations under this Lease, and, if there are any such defaults, specifying the nature and extent thereof; (f) that no notice has been received by Lessee of any default under this Lease which has not been cured, except as to defaults specified in the certificate; (g) the capacity of the Person executing such certificate, and that such Person is duly authorized to execute the same on behalf of Lessee; (h) that neither Lessor nor any Lender or mortgagee has actual involvement in the management or control of decision making related to the operational aspects or the day-to-day operation of the Properties, including any handling or disposal of Hazardous Materials or Regulated Substances; and (i) any other information reasonably requested by Lessor or any Lender or mortgagee, as the case may be. If Lessee shall fail or refuse to sign a certificate in accordance with the provisions of this Section within ten (10) days following a request by Lessor, Lessee irrevocably constitutes and appoints Lessor as its attorney-in-fact to execute and deliver the certificate to any such third party, it being stipulated that such power of attorney is coupled with an interest and is irrevocable and binding.

ARTICLE X

RELEASE AND INDEMNIFICATION

Section 10.01. Release and Indemnification. Lessee agrees to use and occupy the Properties at its own risk and hereby releases Lessor and Lessor's agents and employees from all claims for any damage or injury to the full extent permitted by Law. Lessee agrees that Lessor shall not be responsible or liable to Lessee or Lessee's employees, agents, customers, licensees or invitees for bodily injury, personal injury or property damage occasioned by the acts or omissions of any other lessee or any other Person. Lessee agrees that any employee or agent to whom the Properties or any part thereof shall be entrusted by or on behalf of Lessee shall be acting as Lessee's agent with respect to the Properties or any part thereof, and neither Lessor nor Lessor's agents, employees or contractors shall be liable for any loss of or damage to the Properties or any part thereof. Lessee shall indemnify, protect, defend and hold harmless each of the Indemnified Parties from and against any and all Losses (excluding Losses suffered by an Indemnified Party arising out of the gross negligence or willful misconduct of such Indemnified Party; *provided, however*, that the term "gross negligence" shall not include gross negligence imputed as a matter of Law to any of the Indemnified Parties solely by reason of Lessor's interest in any Property or Lessor's failure to act in respect of matters which are or were the obligation of Lessee under this Lease) caused by, incurred or resulting from Lessee's operations or by Lessee's use and occupancy of the Properties or the Improvements, whether relating to its original design or construction, latent defects, alteration, maintenance, use by Lessee or any Person thereon, supervision or otherwise, or from any breach of, default under, or failure to perform, any term or provision of this Lease by Lessee, its officers, employees, agents or other Persons. It is expressly understood and agreed that Lessee's obligations under this Section shall survive the expiration or earlier termination of this Lease for any reason whatsoever.

ARTICLE XI

CONDEMNATION AND CASUALTY

Section 11.01. Notification. Lessee shall promptly give Lessor written notice of (a) any Condemnation of any of the Properties or the Improvements, (b) the commencement of any proceedings or negotiations which might result in a Condemnation of any of the Properties, and (c) any Casualty to any of the Properties, the Improvements, or any part thereof. Such notice shall provide a general description of the nature and extent of such Condemnation, proceedings, negotiations or Casualty, and shall include copies of any documents or notices received in connection therewith. Thereafter, Lessee shall promptly send Lessor copies of all notices, correspondence and pleadings relating to any such Condemnation, proceedings, negotiations or Casualty.

Section 11.02. Total Condemnation. In the event of a Condemnation of all or substantially all of any of the Properties, and if as a result of such Condemnation: (i) access to a Property to and from the publicly dedicated roads adjacent to such Property as of the Effective Date is permanently and materially impaired such that Lessee no longer has access to such dedicated road; (ii) there is insufficient parking to operate such Property as a Permitted Facility under applicable Laws; or (iii) the Condemnation includes a portion of the building such that the remaining portion is unsuitable for use as a Permitted Facility, as determined by Lessee in the exercise of good faith business judgment (and Lessee provides to Lessor an officer's certificate executed by an officer of Lessee certifying to the same) (each such event, a "Total Condemnation"), then, in such event:

(a) **Termination of Lease.** On the date of the Total Condemnation, all obligations of either party hereunder with respect to the applicable Property shall cease and the Base Annual Rental shall be reduced as set forth in Section 11.03(c) below; *provided, however*, that Lessee's obligations to the Indemnified Parties under any indemnification provisions of this Lease with respect to such Property and Lessee's obligation to pay Rental and all other Monetary Obligations (whether payable to Lessor or a third party) accruing under this Lease with respect to such Property prior to the date of termination shall survive such termination. If the date of such Total Condemnation is other than the first day of a month, the Base Monthly Rental for the month in which such Total Condemnation occurs shall be apportioned based on the date of the Total Condemnation.

(b) **Net Award.** Lessor shall be entitled to receive the entire Net Award in connection with a Total Condemnation and except as set forth in Section 11.07 below, without deduction for any estate vested in Lessee by this Lease, and Lessee hereby expressly assigns to Lessor all of its right, title and interest in and to every such Net Award and agrees that Lessee shall not be entitled to any Net Award or other payment for the value of Lessee's leasehold interest in this Lease.

Section 11.03. Partial Condemnation or Casualty. In the event of a Condemnation which is not a Total Condemnation (each such event, a "Partial Condemnation"), or in the event of a Casualty:

(a) **Net Awards.** All Net Awards shall be paid to Lessor.

(b) **Continuance of Lease.** This Lease shall continue in full force and effect upon the following terms:

(i) All Rental and other Monetary Obligations due under this Lease shall continue unabated.

(ii) Lessee shall promptly commence and diligently prosecute restoration of such Property to the same condition, as nearly as practicable, as prior to such Partial Condemnation or Casualty as approved by Lessor. Subject to the terms and provisions of the Mortgages and upon the written request of Lessee (accompanied by evidence reasonably satisfactory to Lessor that such amount has been paid or is due and payable and is properly part of such costs, and that Lessee has complied with the terms of Section 7.02 in connection with the restoration), Lessor shall promptly make available in installments, subject to reasonable conditions for disbursement imposed by Lessor, an amount up to but not exceeding the amount of any Net Award received by Lessor with respect to such Partial Condemnation or Casualty. Prior to the disbursement of any portion of the Net Award with respect to a Casualty, Lessee shall provide evidence reasonably satisfactory to Lessor of the payment of restoration expenses by Lessee up to the amount of the insurance deductible applicable to such Casualty. Lessor shall be entitled to keep any portion of the Net Award which may be in excess of the cost of restoration, and Lessee shall bear all additional Costs of such restoration in excess of the Net Award.

(c) **Rental.** Upon removal of a Property pursuant to Section 11.02 or Section 11.03, the Base Annual Rental shall be reduced by an amount equal to the Lease Rate multiplied by the Net Award.

Section 11.04. Temporary Taking. In the event of a Condemnation of all or any part of any Property for a temporary use (a "Temporary Taking"), this Lease shall remain in full force and effect without any reduction of Base Annual Rental, Additional Rental or any other Monetary Obligation payable hereunder. Except as provided below, Lessee shall be entitled to the entire Net Award for a Temporary Taking, unless the period of occupation and use by the condemning authorities shall extend beyond the date of expiration of this Lease, in which event the Net Award made for such Temporary Taking shall be apportioned between Lessor and Lessee as of the date of such expiration. At the termination of any such Temporary Taking, Lessee will, at its own cost and expense and pursuant to the provisions of Section 7.02, promptly commence and complete restoration of such Property.

Section 11.05. Adjustment of Losses. Any loss under any property damage insurance required to be maintained by Lessee shall be adjusted by Lessor and Lessee. Any Net Award relating to a Total Condemnation or a Partial Condemnation shall be adjusted by Lessor or, at Lessor's election, Lessee. Notwithstanding the foregoing or any other provisions of this Section 11.05 to the contrary, if at the time of any Condemnation or any Casualty or at any time thereafter an Event of Default shall have occurred and be continuing, Lessor is hereby authorized and empowered but shall not be obligated, in the name and on behalf of Lessee and otherwise, to file and prosecute Lessee's claim, if any, for a Net Award on account of such Condemnation or such Casualty and to collect such Net Award and apply the same to the curing of such Event of Default and any other then existing Event of Default under this Lease and/or to the payment of any amounts owed by Lessee to Lessor under this Lease, in such order, priority and proportions as Lessor in its discretion shall deem proper.

Section 11.06. Lessee Obligation in Event of Casualty. During all periods of time following a Casualty, Lessee shall take reasonable steps to ensure that the affected Property is secure and does not pose any risk of harm to any adjoining property and Persons (including owners or occupants of such adjoining property).

Section 11.07. Lessee Awards and Payments. Notwithstanding any provision contained in this Article XI, Lessee shall be entitled to claim and receive any award or payment from the condemning authority expressly granted for the taking of any personal property owned by Lessee, any insurance proceeds with respect to any personal property owned by Lessee, the interruption of its business and moving expenses (subject, however, to the provisions of Section 6.03(a)(iv) above).

ARTICLE XII

DEFAULT, CONDITIONAL LIMITATIONS, REMEDIES AND MEASURE OF DAMAGES

Section 12.01. Event of Default. Each of the following shall be an event of default by Lessee under this Lease (each, an "Event of Default"):

- (a) if any representation or warranty of Lessee set forth in this Lease is false in any material respect when made;
- (b) if any Rental due under this Lease is not paid when due; *provided, however,* any delay in the payment of Rental as a result of a technical error in the wiring and/or automated clearinghouse process shall not constitute an Event of Default hereunder so long as the same is corrected within two (2) Business Days of the date Lessee receives notice thereof;
- (c) if Lessee fails to pay, prior to delinquency, any taxes, assessments or other charges the failure of which to pay will result in the imposition of a lien against any of the Properties or the Improvements;
- (d) if Lessee vacates or abandons any Property;
- (e) if there is an Insolvency Event affecting Lessee or the Guarantor;
- (f) if Lessee fails to observe or perform any of the other covenants, conditions or obligations of Lessee in this Lease; *provided, however,* if any such failure is within the reasonable power of Lessee to promptly cure, all as determined by Lessor in its reasonable discretion, then such failure shall not constitute an Event of Default hereunder, unless otherwise expressly provided herein, unless and until Lessor shall have given Lessee notice thereof and a period of thirty (30) days shall have elapsed, during which period Lessee may correct or cure such failure, upon failure of which an Event of Default shall be deemed to have occurred hereunder without further notice or demand of any kind being required. If such failure cannot reasonably be cured within such thirty (30)-day period, as determined by Lessor in its reasonable discretion, and Lessee is diligently pursuing a cure of such failure, then Lessee shall have a reasonable period to cure such failure beyond such thirty (30)-day period, which shall in no event exceed ninety (90) days after receiving notice of such failure from Lessor. If Lessee shall fail to correct or cure such failure within such ninety (90)-day period, an Event of Default shall be deemed to have occurred hereunder without further notice or demand of any kind being required;

(g) if a final, nonappealable judgment is rendered by a court against Lessee which has a Material Adverse Effect, and is not discharged or provision made for such discharge within ninety (90) days from the date of entry thereof;

(h) if Lessee shall be liquidated or dissolved or shall begin proceedings towards its liquidation or dissolution;

(i) if the estate or interest of Lessee in any of the Properties shall be levied upon or attached in any proceeding and such estate or interest is about to be sold or transferred or such process shall not be vacated or discharged within ninety (90) days after it is made; or

(j) if there is an "Event of Default" or other breach or default by Lessee or the Guarantor under any of the other Transaction Documents or any Other Agreement, after the passage of all applicable notice and cure or grace periods; *provided, however,* in the event that this Lease has been the subject of a Securitization and any Other Agreement has not been the subject of the same Securitization or any series relating to such Securitization, an "Event of Default" under such Other Agreement shall not constitute an Event of Default under this Lease;

(k) if Lessor does not acquire the Improvements upon expiration of the Lease Term (including any applicable Extension Term), or upon any other termination of this Lease.

Section 12.02. Remedies. Upon the occurrence of an Event of Default, with or without notice or demand, except as otherwise expressly provided herein or such other notice as may be required by statute and cannot be waived by Lessee, Lessor shall be entitled to exercise, at its option, concurrently, successively, or in any combination, all remedies available at Law or in equity, including, without limitation, any one or more of the following:

(a) to terminate this Lease, whereupon Lessee's right to possession of the Properties shall cease and this Lease, except as to Lessee's liability, shall be terminated;

(b) to the extent not prohibited by applicable Law, to (i) re-enter and take possession of the Properties (or any part thereof), any fixtures of Lessee upon the Properties and, to the extent permissible, permits and other rights or privileges of Lessee pertaining to the use and operation of the Properties, and (ii) expel Lessee and those claiming under or through Lessee, without being deemed guilty in any manner of trespass or becoming liable for any loss or damage resulting therefrom, without resort to legal or judicial process, procedure or action. No notice from Lessor hereunder or under a forcible entry and detainer statute or similar Law shall constitute an election by Lessor to terminate this Lease unless such notice specifically so states. If Lessee shall, after default, voluntarily give up possession of the Properties to Lessor, deliver to Lessor or its agents the keys to the Properties, or both, such actions shall be deemed to be in compliance with Lessor's rights and the acceptance thereof by Lessor or its agents shall not be deemed to constitute a termination of the Lease. Lessor reserves the right following any re-entry and/or reletting to exercise its right to terminate this Lease by giving Lessee written notice thereof, in which event this Lease will terminate;

(c) to bring an action against Lessee for any damages sustained by Lessor or any equitable relief available to Lessor and to the extent not prohibited by applicable Law, to seize all fixtures upon the Properties which Lessee owns or in which it has an interest, and to dispose thereof in accordance with the Laws prevailing at the time and place of such seizure or to remove all or any portion of such property and cause the same to be stored in a public warehouse or elsewhere at Lessee's sole expense, without becoming liable for any loss or damage resulting therefrom and without resorting to legal or judicial process, procedure or action;

(d) to relet the Properties or any part thereof for such term or terms (including a term which extends beyond the original Lease Term), at such rentals and upon such other terms as Lessor, in its sole discretion, may determine, with all proceeds received from such reletting being applied to the Rental and other Monetary Obligations due from Lessee in such order as Lessor may, in its sole discretion, determine, which other Monetary Obligations include, without limitation, all repossession costs, brokerage commissions, attorneys' fees and expenses, alteration, remodeling and repair costs and expenses of preparing for such reletting. Except to the extent required by applicable Law, Lessor shall have no obligation to relet the Properties or any part thereof and shall in no event be liable for refusal or failure to relet the Properties or any part thereof, or, in the event of any such reletting, for refusal or failure to collect any rent due upon such reletting, and no such refusal or failure shall operate to relieve Lessee of any liability under this Lease or otherwise to affect any such liability. Lessor reserves the right following any re-entry and/or reletting to exercise its right to terminate this Lease by giving Lessee written notice thereof, in which event this Lease will terminate as specified in said notice;

(e) except to the extent prohibited by applicable Law to accelerate and recover from Lessee all Rental and other Monetary Obligations due and owing and scheduled to become due and owing under this Lease both before and after the date of such breach for the entire original scheduled Lease Term;

(f) to recover from Lessee all Costs paid or incurred by Lessor as a result of such breach, regardless of whether or not legal proceedings are actually commenced;

(g) to immediately or at any time thereafter, and with or without notice, at Lessor's sole option but without any obligation to do so, correct such breach or default and charge Lessee all Costs incurred by Lessor therein. Any sum or sums so paid by Lessor, together with interest at the Default Rate, shall be deemed to be Additional Rental hereunder and shall be immediately due from Lessee to Lessor. Any such acts by Lessor in correcting Lessee's breaches or defaults hereunder shall not be deemed to cure said breaches or defaults or constitute any waiver of Lessor's right to exercise any or all remedies set forth herein;

(h) to immediately or at any time thereafter, and with or without notice, except as required herein, set off any money of Lessee held by Lessor under this Lease or any other Transaction Document or any Other Agreement against any sum owing by Lessee hereunder;

(i) Without limiting the generality of the foregoing or limiting in any way the rights of Lessor under this Lease or otherwise under applicable Laws, at any time after the occurrence, and during the continuance, of an Event of Default, Lessor shall be entitled to apply for and have a receiver appointed under applicable Law by a court of competent jurisdiction (by ex parte motion for appointment without notice) in any action taken by Lessor to enforce its rights and remedies hereunder in order to protect and preserve Lessor's interest under this Lease or in the Properties, the Improvements, and the Personalty, and in connection therewith, LESSEE HEREBY IRREVOCABLY CONSENTS TO AND WAIVES ANY RIGHT TO OBJECT TO OR OTHERWISE CONTEST THE APPOINTMENT OF A RECEIVER AFTER THE OCCURRENCE, AND DURING THE CONTINUANCE, OF AN EVENT OF DEFAULT; and/or

(j) to seek any equitable relief available to Lessor, including, without limitation, the right of specific performance.

Section 12.03. Cumulative Remedies. All powers and remedies given by Section 12.02 to Lessor, subject to applicable Law, shall be cumulative and not exclusive of one another or of any other right or remedy or of any other powers and remedies available to Lessor under this Lease, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements of Lessee contained in this Lease, and no delay or omission of Lessor to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any other or subsequent Event of Default or impair any rights or remedies consequent thereto. Every power and remedy given by this Section or by Law to Lessor may be exercised from time to time, and as often as may be deemed expedient, by Lessor, subject at all times to Lessor's right in its sole judgment to discontinue any work commenced by Lessor or change any course of action undertaken by Lessor.

Section 12.04. Lessee Waiver. Lessee hereby expressly waives, for itself and all Persons claiming by, through and under Lessee, including creditors of all kinds, (a) any right and privilege which Lessee has under any present or future Legal Requirements to redeem the Properties or to have a continuance of this Lease for the Lease Term after termination of Lessee's right of occupancy by order or judgment of any court or by any legal process or writ, or under the terms of this Lease; (b) the benefits of any present or future Legal Requirement that exempts property from liability for debt or for distress for rent; (c) any present or future Legal Requirement relating to notice or delay in levy of execution in case of eviction of a tenant for nonpayment of rent; and (d) any benefits and lien rights which may arise pursuant to any present or future Legal Requirement.

ARTICLE XIII

MORTGAGE, SUBORDINATION AND ATTORNMENT

Section 13.01. No Liens. Lessor's interest in this Lease and/or the Properties shall not be subordinate to any liens or encumbrances placed upon the Properties by or resulting from any act of Lessee, and nothing herein contained shall be construed to require such subordination by Lessor. NOTICE IS HEREBY GIVEN THAT LESSEE IS NOT AUTHORIZED TO PLACE OR ALLOW TO BE PLACED ANY LIEN, MORTGAGE, DEED OF TRUST, DEED TO SECURE DEBT, SECURITY INTEREST OR ENCUMBRANCE OF ANY KIND UPON OF THE PROPERTIES, THE IMPROVEMENTS OR LESSEE'S LEASEHOLD INTEREST IN THE PROPERTY, AND ANY SUCH PURPORTED TRANSACTION SHALL BE VOID.

Section 13.02. Subordination. This Lease at all times shall automatically be subordinate to the lien of any and all Mortgages now or hereafter placed upon any of the Properties by Lessor, and Lessee covenants and agrees to execute and deliver, upon demand, such further instruments subordinating this Lease to the lien of any or all such Mortgages as shall be desired by Lessor, or any present or proposed mortgagees under trust deeds, upon the condition that Lessee shall have the right to remain in possession of the Properties under the terms of this Lease, notwithstanding any default in any or all such Mortgages, or after the foreclosure of any such Mortgages, so long as no Event of Default shall have occurred and be continuing.

Section 13.03. Attornment. In the event any purchaser or assignee of any Lender at a foreclosure sale acquires title to any of the Properties, or in the event that any Lender or any purchaser or assignee otherwise succeeds to the rights of Lessor as landlord under this Lease, Lessee shall attorn to Lender or such purchaser or assignee, as the case may be (a "Successor Lessor"), and recognize the Successor Lessor as lessor under this Lease, and, subject to the provisions of this Article XIII, this Lease shall continue in full force and effect as a direct lease between the Successor Lessor and Lessee, provided that the Successor Lessor shall only be liable for any obligations of Lessor under this Lease which accrue after the date that such Successor Lessor acquires title. The foregoing provision shall be self-operative and effective without the execution of any further instruments.

Section 13.04. Execution of Additional Documents. Although the provisions in this Article XIII shall be self-operative and no future instrument of subordination shall be required, upon request by Lessor, Lessee shall execute and deliver such additional reasonable instruments as may be reasonably required for such purposes.

Section 13.05. Notice to Lender. Lessee shall give written notice to any Lender having a recorded lien upon any of the Properties, the Improvements or any part thereof of which Lessee has been notified of any breach or default by Lessor of any of its obligations under this Lease and give such Lender at least sixty (60) days beyond any notice period to which Lessor might be entitled to cure such default before Lessee may exercise any remedy with respect thereto.

ARTICLE XIV

ASSIGNMENT

Section 14.01. Assignment by Lessor. As a material Inducement to Lessor's willingness to enter into the transactions contemplated by this Lease (the "Transaction") and the other Transaction Documents, Lessee hereby agrees that Lessor may, from time to time and at any time and without the consent of Lessee, engage in all or any combination of the following, or enter into agreements in connection with any of the following or in accordance with requirements that may be imposed by applicable securities, tax or other Laws: (a) the sale, assignment, grant, conveyance, transfer, financing, re-financing, purchase or re-acquisition of all, less than all or any portion of the Properties, this Lease or any other Transaction Document, Lessor's right, title and interest in this Lease or any other Transaction Document, the servicing rights with respect to any of the foregoing, or participations in any of the foregoing; or (b) a Securitization and related transactions. Without in any way limiting the foregoing, the parties acknowledge and agree that Lessor, in its sole discretion, may assign this Lease or any interest herein to another Person in order to maintain Lessor's or any of its Affiliates' status as a REIT. In the event of any such sale or assignment other than a security assignment, Lessee shall attorn to such purchaser or assignee (so long as Lessor and such purchaser or assignee notify Lessee in writing of such transfer and such purchaser or assignee expressly assumes in writing the obligations of Lessor hereunder from and after the date of such assignment). At the request of Lessor, Lessee will execute such documents confirming the sale, assignment or other transfer and such other agreements as Lessor may reasonably request, provided that the same do not increase the liabilities and obligations of Lessee hereunder. Lessor shall be relieved, from and after the date of such transfer or conveyance, of liability for the performance of any obligation of Lessor contained herein, except for obligations or liabilities accrued prior to such assignment or sale.

Section 14.02. Assignment by Lessee.

(a) Lessee acknowledges that Lessor has relied both on the business experience and creditworthiness of Lessee and upon the particular purposes for which Lessee intends to use the Properties in entering into this Lease. Lessee shall not assign, transfer, convey, pledge or mortgage this Lease or any interest herein or any interest in Lessee, whether by operation of Law or otherwise, without the prior written consent of Lessor, such consent not to be unreasonably withheld conditioned or delayed. At the time of any assignment of this Lease which is approved by Lessor, the assignee shall assume all of the obligations of Lessee under this Lease pursuant to a written assumption agreement in form and substance reasonably acceptable to Lessor. Such assignment of this Lease pursuant to this Section 14.02 shall not relieve Lessee of its obligations respecting this Lease unless otherwise agreed to by Lessor. Any assignment, transfer, conveyance, pledge or mortgage in violation of this Section 14.02 shall be voidable at the sole option of Lessor. Any consent to an assignment given by Lessor hereunder shall not be deemed a consent to any subsequent assignment.

(b) Notwithstanding anything to the contrary contained in this Section 14.02 and provided that no Event of Default has occurred and is continuing and provided further that any assignee agrees to assume all of Lessee's obligations under this Lease, Lessee shall have the right to assign or otherwise transfer all, but not less than all, of its interest in, to and under this Lease without Lessor's consent to (i) an Affiliate of Lessee, (ii) any entity which purchases or otherwise acquires all or substantially all of the assets or equity interest of Lessee in a bona fide sale for fair market value, or (iii) a Qualified Operator. A "Qualified Operator" shall mean a Person who, for two (2) consecutive years immediately prior to the date of the proposed assignment or transfer, (A) has a CFCCR (defined below) of at least 5.0x, (8) generates EBITDA (defined below) of at least \$8,500,000.00, and (C) has a Lease Adjusted Leverage (defined below) of no more than 3.0x (each, a "Permitted Transfer"); provided, however, that Lessee may satisfy the foregoing conditions of a Qualified Operator by providing, or causing to be provided, a guaranty agreement, in form and substance reasonably acceptable to and approved by Lessor, in writing, which guaranty shall be from an entity that meets the requirements of (A), (B), and (C) set forth in the definition of Qualified Operator herein. In the event that Lessee effects a Permitted Transfer pursuant to clause (iii), Lessee shall be released from any liability arising under this Lease from and after the date of such assignment. In the event that Lessee effects a Permitted Transfer pursuant to clauses (i) or (ii) (unless the transferee under clause (ii) is a Qualified Operator), Lessee shall not be released from liability under this Lease.

For purposes hereof:

"CFCCR" means with respect to the twelve month period of time immediately preceding the date of determination, the ratio calculated for such period of time, each as determined in accordance with GAAP, of (1) the sum of Net Income (excluding non-cash income), Depreciation and Amortization, Interest Expense, Operating Lease Expense and non-cash expenses to (2) the sum of Operating Lease Expense, scheduled principal payments of long term Debt, scheduled maturities of all Capital Leases, dividends and Interest Expense (excluding non-cash interest expense and amortization of non-cash financing expenses). For purposes of calculating the CFCCR, the following terms shall be defined as set forth below:

"Capital Lease" shall mean all leases of any property, whether real, personal or mixed, by a Person, which leases would, in conformity with GAAP, be required to be accounted for as a capital lease on the balance sheet of such Person. The term "Capital Lease" shall not include any operating lease.

"Debt" shall mean with respect to a Person, and for the period of determination (i) indebtedness for borrowed money, (ii) subject to the limitation set forth in sub-item (iv) below, obligations evidenced by bonds, indentures, notes or similar instruments, (iii) obligations under leases which should be, in accordance with GAAP, recorded as Capital Leases, and (iv) obligations under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) above, except for guaranty obligations of such Person, which, in conformity with GAAP, are not included on the balance sheet of such Person.

"Depreciation and Amortization" shall mean the depreciation and amortization accruing during any period of determination with respect to a Person, as determined in accordance with GAAP.

"Interest Expense" shall mean for any period of determination, the sum of all interest accrued or which should be accrued in respect of all Debt of a Person, as determined in accordance with GAAP.

"Net Income" shall mean with respect to the period of determination, the net income or net loss of a Person. In determining the amount of Net Income, (i) adjustments shall be made for nonrecurring gains and losses or non-cash items allocable to the period of determination, (ii) deductions shall be made for, among other things, Depreciation and Amortization, Interest Expense, Operating Lease Expense, and (iii) no deductions shall be made for income taxes or charges equivalent to income taxes allocable to the period of determination, as determined in accordance with GAAP.

"Operating Lease Expense" shall mean the sum of all payments and expenses incurred by a Person under any operating leases during the period of determination, as determined in accordance with GAAP.

"*EBITDA*" means for the twelve (12) month period ending on the date of determination, the sum of a Person's net income (loss) for such period plus, in each case to the extent previously deducted in calculating net income (loss): (1) income taxes, (2) principal and interest payments on all of its debt obligations (including any borrowings under short term credit facilities), (3) all non-cash charges including depreciation and amortization, and (4) Non-Recurring Items (defined below).

"*EBITDAR*" means the sum of a Person's EBITDA and its total land and building rent for the twelve (12) month period ending on the date of determination.

"*Lease Adjusted Leverage*" means with respect to a Person, as of any applicable date, the sum of (1) eight (8) times such Person's total land and building rent for the twelve (12) month period ending on the date of determination, and (2) the total current balance of such Person's total debt obligations (including any borrowings under short term credit facilities) on such date, divided by EBITDAR.

"*Non-Recurring Items*" shall mean with respect to a Person, items of the sum (whether positive or negative) of revenue minus expenses that, in the judgment of Lessor, are unusual in nature, occur infrequently and are not representative of the ongoing or future earnings or expenses of such Person.

(c) In connection with an assignment by Lessee pursuant to this Section 14.02, Lessee shall have provided to Lessor, immediately prior to the effective date of such assignment, an officer's certificate executed by an officer of the assignee certifying the covenant provided in Section 5.10 of this Lease, based upon a list of parties identified by Lessor as holding a ten percent (10%) interest or more in Lessor. Lessor shall provide the written list described in the preceding sentence within five (5) Business Days of written request therefor by Lessee and, in the absence of timely provision of such list, such officer's certificate shall be based on the latest written list delivered by Lessor to Lessee

Section 14.03. No Sale of Assets. Other than as set forth above, without the prior written consent of Lessor, Lessee shall not sell all or substantially all of Lessee's assets. Any sale of Lessee's assets in violation of this Section 14.03, shall be voidable at the sole option of Lessor. Any consent to a sale of Lessee's assets given by Lessor hereunder shall not be deemed a consent to any subsequent sale of Lessee's assets.

Section 14.04. No Subletting. Lessee shall not sublet any or all of the Properties without the prior written consent of Lessor, such consent not to be unreasonably withheld, conditioned or delayed; *provided, however,* that without Lessor's consent, Lessee may sublet any or all of the Properties to Guarantor or up to 25% of the Properties to any Person (each such sublease described in this Section 14.04, individually, a "Permitted Sublease" and collectively, "Permitted Subleases", and such subtenant thereunder, "Subtenant") so long as each Sublease contains the following provisions: (a) the Permitted Sublease is subject and subordinate to this Lease; (b) the Permitted Sublease shall not contain any terms inconsistent with this Lease (or if so, the terms of this Lease shall control); (c) the rent due under any Permitted Sublease shall be fixed rent and shall not be based on the net profits of any Subtenant; (d) unless otherwise mutually agreed upon by Lessor and the related Subtenant, the Permitted Sublease shall terminate upon the expiration or sooner termination of this Lease (including any renewals hereof), provided that the related Subtenant agrees to attorn to Lessor if Lessor elects to assume the Permitted Sublease following a termination of this Lease; (e) Lessee shall at all times remain liable under this Lease irrespective of any Permitted Sublease; and (f) the related Property shall be used and occupied only as a Permitted Facility.

ARTICLE XV NOTICES

Section 15.01. Notices. All notices, demands, designations, certificates, requests, offers, consents, approvals, appointments and other instruments given pursuant to this Lease shall be in writing and given by any one of the following: (a) hand delivery; (b) express overnight delivery service; (c) certified or registered mail, return receipt requested; or (d) email transmission, and shall be deemed to have been delivered upon (i) receipt, if hand delivered; (ii) the next Business Day, if delivered by a reputable express overnight delivery service; (iii) the third Business Day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested; or (iv) transmission, if delivered by email transmission. Notices shall be provided to the parties and addresses (or electronic mail addresses) specified below:

If to Lessee: Marquis Real Estate Holdings, LLC
PO Box 1308
Chatsworth, GA 30705
Attention: Tim Bailey
Email: tbailey@marquisind.com

With a copy to: Mitchell Nussbaum
Loeb & Loeb LLP
345 Park Avenue
NY, NY, 10154-1895
Email: enussbaum@loeb.com

If to Lessor: STORE Capital Acquisitions, LLC
8501 E. Princess Drive, Suite 190
Scottsdale, AZ 85255
Attention: Michael T. Bennett
Executive Vice President - General Counsel
Email: mbennett@storecapital.com

With a copy to: Kutak Rock LLP
1801 California Street, Suite 3000
Denver, CO 80202
Attention: Kelly Reynoldson, Esq.
Email: kelly.reynoldson@kutakrock.com

or to such other address or such other person as either party may from time to time hereafter specify to the other party in a notice delivered in the manner provided above.

ARTICLE XVI

INTENTIONALLY DELETED

ARTICLE XVII

MISCELLANEOUS

Section 17.01. Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, acts of God, enemy or hostile governmental action, civil commotion, fire or other casualty beyond the control of the party obligated to perform (each, a "Force Majeure Event") shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage, expressly excluding, however, the obligations imposed upon Lessee with respect to Rental and other Monetary Obligations to be paid hereunder.

Section 17.02. No Merger. There shall be no merger of this Lease nor of the leasehold estate created by this Lease with the fee estate in or ownership of any of the Properties by reason of the fact that the same person, corporation, firm or other entity may acquire or hold or own, directly or indirectly, (a) this Lease or the leasehold estate created by this Lease or any interest in this Lease or in such leasehold estate, and (b) the fee estate or ownership of any of the Properties or any interest in such fee estate or ownership. No such merger shall occur unless and until all persons, corporations, firms and other entities having any interest in (i) this Lease or the leasehold estate created by this Lease, and (ii) the fee estate in or ownership of the Properties or any part thereof sought to be merged shall join in a written instrument effecting such merger and shall duly record the same.

Section 17.03. Interpretation. Lessor and Lessee acknowledge and warrant to each other that each has been represented by independent counsel and has executed this Lease after being fully advised by said counsel as to its effect and significance. This Lease shall be interpreted and construed in a fair and impartial manner without regard to such factors as the party which prepared the instrument, the relative bargaining powers of the parties or the domicile of any party. Whenever in this Lease any words of obligation or duty are used, such words or expressions shall have the same force and effect as though made in the form of a covenant.

Section 17.04. Characterization. The following expressions of intent, representations, warranties, covenants, agreements, stipulations and waivers are a material inducement to Lessor entering into this Lease:

(a) Lessor and Lessee intend that (i) this Lease constitutes an unseverable, unitary and single lease of all, but not less than all, of the Properties, and, if at any time this Lease covers other real property in addition to the Properties, neither this Lease, nor Lessee's obligations or rights hereunder may be allocated or otherwise divided among such properties by Lessee; (ii) this Lease is a "true lease," is not a mortgage, equitable mortgage, deed of trust, trust agreement, security agreement or other financing or trust arrangement, and the economic realities of this Lease are those of a true lease; and (iii) the business relationship created by this Lease and any related documents is solely that of a long-term commercial lease between Lessor and Lessee, the Lease has been entered into by both parties in reliance upon the economic and legal bargains contained herein, and none of the agreements contained herein is intended, nor shall the same be deemed or construed, to create a partnership (*de facto* or *de jure*) between Lessor and Lessee, to make them joint venturers, to make Lessee an agent, legal representative, partner, subsidiary or employee of Lessor, nor to make Lessor in any way responsible for the debts, obligations or losses of Lessee.

(b) Lessor and Lessee covenant and agree that: (i) each will treat this Lease as a true lease for state Law reporting purposes and for federal income tax purposes; (ii) each party will not, nor will it permit any Affiliate to, at any time, take any action or fail to take any action with respect to the preparation or filing of any statement or disclosure to Governmental Authority, including without limitation, any income tax return (including an amended income tax return), to the extent that such action or such failure to take action would be inconsistent with the intention of the parties expressed in this Section 17.04; (iii) with respect to the Properties, the Lease Term is less than seventy-five percent (75%) of the estimated remaining economic life of the Properties; and (iv) the Base Annual Rental is the fair market value for the use of the Properties and was agreed to by Lessor and Lessee on that basis, and the execution and delivery of, and the performance by Lessee of its obligations under, this Lease do not constitute a transfer of all the Properties.

(c) Lessee waives any claim or defense based upon the characterization of this Lease as anything other than a true lease and as a master lease of all of the Properties. Lessee stipulates and agrees (i) not to challenge the validity, enforceability or characterization of the lease of the Properties as a true lease and/or as a single, unitary, unseverable instrument pertaining to the lease of all, but not less than all, of the Properties; and (ii) not to assert or take or omit to take any action inconsistent with the agreements and understandings set forth in this Section 17.04.

Section 17.05. Disclosures.

(a) **Securities Act or Exchange Act.** The parties agree that, notwithstanding any provision contained in this Lease, any party (and each employee, representative or other agent of any party) may disclose to any and all persons, without limitation of any kind, any matter required under the Securities Act or the Exchange Act.

(b) **Lessor Advertising and Related Publications.** Lessee hereby consents to the use by Lessor of, and Lessor is hereby expressly permitted to use, Lessee's name, trademarks, logos, pictures of stores and signage, and basic Transaction information (collectively Lessee's Information) solely in connection with Lessor's sales, advertising, and press release materials, including on Lessor's website. Lessee's consent shall be deemed authorization for the limited use of Lessee's Information by Lessor under all applicable copyright and trademark laws.

Section 17.06. Attorneys' Fees. In the event of any judicial or other adversarial proceeding concerning this Lease, to the extent permitted by Law, the prevailing party shall be entitled to recover all of its reasonable attorneys' fees and other Costs in addition to any other relief to which it may be entitled. In addition, the prevailing party shall, upon demand, be entitled to all attorneys' fees and all other Costs incurred in the preparation and service of any notice or demand hereunder, whether or not a legal action is subsequently commenced.

Section 17.07. Memoranda of Lease. Concurrently with the execution of this Lease, Lessor and Lessee are executing Lessor's standard form memorandum of lease in recordable form, indicating the names and addresses of Lessor and Lessee, a description of the Properties, the Lease Term, but omitting Rentals and such other terms of this Lease as Lessor may not desire to disclose to the public. Further, upon Lessor's request, Lessee agrees to execute and acknowledge a termination of lease and/or quitclaim deed in recordable form to be held by Lessor until the expiration or sooner termination of the Lease Term; *provided, however*, if Lessee shall fail or refuse to sign such a document in accordance with the provisions of this Section within ten (10) days following a request by Lessor, Lessee irrevocably constitutes and appoints Lessor as its attorney-in-fact to execute and record such document, it being stipulated that such power of attorney is coupled with an interest and is irrevocable and binding.

Section 17.08. No Brokerage. Other than Marcus & Millichap whose fees shall be paid by Lessee, Lessor and Lessee represent and warrant to each other that they have had no conversation or negotiations with any broker concerning the leasing of the Properties. Each of Lessor and Lessee agrees to protect, indemnify, save and keep harmless the other, against and from all liabilities, claims, losses, Costs, damages and expenses, including attorneys' fees, arising out of, resulting from or in connection with their breach of the foregoing warranty and representation.

Section 17.09. Waiver of Jury Trial and Certain Damages. LESSOR AND LESSEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR ITS SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LESSOR AND LESSEE, LESSEE'S USE OR OCCUPANCY OF THE PROPERTIES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. THIS WAIVER BY THE PARTIES HERETO OF ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY HAS BEEN NEGOTIATED AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN. FURTHERMORE, LESSOR AND LESSEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES FROM THE OTHER PARTY AND ANY OF THE AFFILIATES, OFFICERS, DIRECTORS, MEMBERS, MANAGERS OR EMPLOYEES OF LESSOR OR LESSEE, AS APPLICABLE, OR ANY OF THEIR SUCCESSORS WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE OR ANY DOCUMENT CONTEMPLATED HEREIN OR RELATED HERETO. THE WAIVER BY LESSOR AND LESSEE OF ANY RIGHT EITHER MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES HAS BEEN NEGOTIATED BY THE PARTIES HERETO AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN.

Section 17.10. Securitizations. As a material inducement to Lessor's willingness to enter into the Transactions contemplated by this Lease and the other Transaction Documents, Lessee hereby acknowledges and agrees that Lessor may, from time to time and at any time

(a) advertise, issue press releases, send direct mail or otherwise disclose information regarding the Transaction for marketing purposes; and (b) (i) act or permit another Person to act as sponsor, settler, transferor or depositor of, or a holder of interests in, one or more Persons or other arrangements formed pursuant to a trust agreement, indenture, pooling agreement, participation agreement, sale and servicing agreement, limited liability company agreement, partnership agreement, articles of incorporation or similar agreement or document; and (ii) permit one or more of such Persons or arrangements to offer and sell stock, certificates, bonds, notes, other evidences of indebtedness or securities that are directly or indirectly secured, collateralized or otherwise backed by or represent a direct or indirect interest in whole or in part in any of the assets, rights or properties described in Section 14.01 of this Lease, in one or more Persons or arrangements holding such assets, rights or properties, or any of them (collectively, the "Securities"), whether any such Securities are privately or publicly offered and sold, or rated or unrated (any combination of which actions and transactions described in both clauses (i) and (ii) in this paragraph, whether proposed or completed, are referred to in this Lease as a "Securitization"). Lessee shall cooperate fully with Lessor and any Affected Party with respect to all reasonable requests and due diligence procedures and use reasonable efforts to facilitate such Securitization, provided that such cooperation shall be at no additional cost or expense to Lessee so long as Lessee is not otherwise required to provide such information to Lessor pursuant to the other provisions of this Lease.

Section 17.11. State-Specific Provisions. The provisions and/or remedies which are set forth on the attached Exhibit D shall be deemed a part of and included within the terms and conditions of this Lease.

Section 17.12. Time is of the Essence; Computation. Time is of the essence with respect to each and every provision of this Lease. If any deadline provided herein falls on a non-Business Day, such deadline shall be extended to the next day that is a Business Day.

Section 17.13. Waiver and Amendment. No provision of this Lease shall be deemed waived or amended except by a written instrument unambiguously setting forth the matter waived or amended and signed by the party against which enforcement of such waiver or amendment is sought. Waiver of any matter shall not be deemed a waiver of the same or any other matter on any future occasion. No acceptance by Lessor of an amount less than the Rental and other Monetary Obligations stipulated to be due under this Lease shall be deemed to be other than a payment on account of the earliest such Rental or other Monetary Obligations then due or in arrears nor shall any endorsement or statement on any check or letter accompanying any such payment be deemed a waiver of Lessor's right to collect any unpaid amounts or an accord and satisfaction.

Section 17.14. Successors Bound. Except as otherwise specifically provided herein, the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of the respective heirs, successors, executors, administrators and assigns of each of the parties hereto.

Section 17.15. Captions. Captions are used throughout this Lease for convenience of reference only and shall not be considered in any manner in the construction or interpretation hereof.

Section 17.16. Other Documents. Each of the parties agrees to sign such other and further documents as may be necessary or appropriate to carry out the intentions expressed in this Lease.

Section 17.17. Entire Agreement. This Lease and any other instruments or agreements referred to herein, constitute the entire agreement between the parties with respect to the subject matter hereof, and there are no other representations, warranties or agreements except as herein provided.

Section 17.18. Forum Selection; Jurisdiction; Venue; Choice of Law. For purposes of any action or proceeding arising out of this Lease, the parties hereto expressly submit to the jurisdiction of all federal and state courts located in the state or states where the Properties are located. Lessee consents that it may be served with any process or paper by registered mail or by personal service within or without the state or states where the Properties are located in accordance with applicable Law. Furthermore, Lessee waives and agrees not to assert in any such action, suit or proceeding that it is not personally subject to the jurisdiction of such courts, that the action, suit or proceeding is brought in an inconvenient forum or that venue of the action, suit or proceeding is improper. This Lease shall be governed by, and construed with, the Laws of the applicable state or states in which the Properties are located, without giving effect to any state's conflict of Laws principles.

Section 17.19. Counterparts. This Lease may be executed in one or more counterparts, each of which shall be deemed an original. Furthermore, the undersigned agree that transmission of this Lease via e-mail in a ".pdf" or other electronic format shall be deemed transmission of the original Lease for all purposes.

ARTICLE XVIII

PURCHASE OPTION

Section 18.01. Purchase Option. Lessee shall have the option during the Option Windows (defined below) to give Lessor written notice (an "Option Notice") of Lessee's election to purchase all of the Properties for a price equal to the greater of (a) their fair market value (which fair market value shall be determined in accordance with Section 18.02 below), or (b) Lessor's Total Investment. Additionally, Lessee shall pay in full all amounts outstanding under the Loan Agreement and the other Loan Documents at the time of closing. The closing for such purchase must occur within ninety (90) days following Lessor's receipt of the Option Notice if the required appraisal (described in Section 18.02 below) has been received and, if not, a day for day extension will be allowed until the appraisal is received, or any other date mutually agreed upon by Lessor and Lessee. There shall not be a continuing Event of Default at the time Lessee exercises this option.

For purposes hereof:

"Lessor's Total Investment" means \$708,926.90.

"Option Window" means the following time periods: for a period of six (6) months commencing on June 14, 2026; a period of six (6) months commencing on June 14, 2031; a period of six (6) months commencing on June 14, 2036; a period of six (6) months commencing on June 14, 2041; a period of six (6) months commencing on June 14, 2046; and a period of six (6) months commencing on June 14, 2051.

Section 18.02. Fair Market Value. For purposes of determining the "fair market value" of the Properties, Lessor shall, at Lessee's sole expense, retain an independent MAI appraiser mutually acceptable to Lessor and Lessee (and neither Lessor nor Lessee shall unreasonably withhold their consent to such appraiser) who shall prepare appraisals of the fair market value of the unimproved land value of the Properties at the time of exercise of the Purchase Option determined with no consideration given to the improvements on the Properties and with the assumption that the Properties are without any leases or cash flow whatsoever.

Section 18.03. Closing. Upon exercise of this option, Lessor and Lessee shall open a new escrow account with a recognized title insurance company selected by Lessor. Such escrow shall be subject to the standard escrow instructions of the escrow agent, to the extent they are not inconsistent herewith. At or before the close of escrow, Lessor shall deliver to the escrow agent its statutory warranty deeds, conveying to Lessee the Properties free and clear of all liens and encumbrances except (a) liens for taxes and assessments; and (b) covenants, easements and restrictions of record which (i) were attached to the Properties as of the date hereof, (ii) attached during the term of the Lease through Lessee's action or inaction, as the case may be, (iii) have been granted by Lessor in lieu of a taking by the power of eminent domain or the like, or (iv) have been approved by Lessee; in all cases, without further representation and warranty. In the event Lessor is unable to convey title as required (through no fault of Lessor), Lessee shall have the right to accept such title as Lessor can convey or elect not to consummate its exercise of the option. Both Lessor and Lessee agree to execute a purchase agreement, escrow instructions and such other instruments as may be necessary or appropriate to consummate the sale of the Properties in the manner and containing the terms herein provided. All Costs incurred in connection with Lessee's exercise of the option, including, but not limited to, escrow fees, title insurance fees, recording costs or fees, appraisal fees, stamp taxes and transfer fees shall be borne by Lessee. Each party shall pay their respective attorney's fees. Lessee shall continue to pay and perform all of its obligations under this Lease until the close of escrow. The purchase price paid by Lessee in exercising this option shall be paid to Lessor or to such person or entity as Lessor may direct at closing in immediately available funds. The closing date may be extended for a reasonable period of time to permit Lessor to cure title defects or to permit either party to cure any other defects or defaults provided each party is diligently seeking to cure such defect or default and Lessee continues to perform its obligations hereunder. In the case of any mortgage or other monetary lien arising by, through or under Lessor (but not arising by, through or under Lessee), the escrow agent shall first apply the purchase price to the payment of such mortgage or monetary lien, and the balance shall be paid over to Lessor at closing. Upon closing, this Lease shall automatically terminate and Lessor and Lessee shall execute and deliver all documents reasonably requested by Lessor to evidence termination of this Lease; *provided, however*, that Lessee's obligations to the Indemnified Parties under any indemnification provisions of this Lease and Lessee's obligation to pay Rental and all other Monetary Obligations (whether payable to Lessor or a third party) accruing under this Lease prior to the date of termination shall survive such termination.

Section 18.04. Termination of Option. Notwithstanding anything to the contrary, Lessee's rights under this Article XVIII shall terminate and be null and void and of no further force and effect if (a) this Lease is terminated prior to the Option Window; or (b) the Properties are sold or transferred pursuant to the exercise of a private power of sale or judicial foreclosure or acceptance of a deed in lieu thereof;. In any such event, Lessee shall execute a quitclaim deed and/or such other documents as Lessor shall reasonably request evidencing the termination of Lessee's right under this Article XVIII.

Section 18.05. No Assignment of Option. Lessee may not sell, assign, transfer, hypothecate or otherwise dispose of the option granted herein or any interest therein, except in conjunction with a permitted assignment of Lessee's entire interest herein and then only to the assignee thereof. Any assignment of this option which is contrary to the terms of this Section shall be deemed to be an Event of Default under this Lease, and the option granted herein shall be void if Lessee does not cure such Event of Default within twenty (20) Business Days of Lessor's notice of such Event of Default.

[Remainder of page intentionally left blank; signature page(s) to follow]

IN WITNESS WHEREOF, Lessor and Lessee have entered into this Lease as of the date first above written.

LESSOR:
STORE CAPITAL ACQUISITIONS, LLC, a
Delaware limited liability company
/s/ Michael T. Bennett
Printed Name: Michael T. Bennett
Title: Executive Vice President
General Counsel

IN WITNESS WHEREOF, Lessor and Lessee have entered into this Lease as of the date first above written.

LESSEE:
MARQUIS REAL ESTATE HOLDINGS, LLC, A
Delaware limited liability company
/s/ Jon Isaac
Printed Name: Jon Isaac
Title: President/Manager

EXHIBITS

Exhibit A:	Defined Terms
Exhibit B:	Legal Descriptions and Street Addresses of the Properties
Exhibit C:	Authorization Agreement - Pre-Arranged Payments
Exhibit D:	State-Specific Provisions
Schedule 9.03	Supplemental Financial Information

EXHIBIT A
DEFINED TERMS

The following terms shall have the following meanings for all purposes of this Lease:

"Additional Rental" has the meaning set forth in Section 4.03.

"Adjustment Date" has the meaning set forth in Section 1.07.

"Affected Party" means each direct or indirect participant or investor in a proposed or completed Securitization, including, without limitation, any prospective owner, any rating agency or any party to any agreement executed in connection with the Securitization.

"Affiliate" means any Person which directly or indirectly controls, is under common control with or is controlled by any other Person. For purposes of this definition, "controls," "under common control with," and "controlled by" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or otherwise.

"Anti-Money Laundering Laws" means all applicable Laws, regulations and government guidance on the prevention and detection of money laundering, including, without limitation, (a) 18 U.S.C. §§ 1956 and 1957; and (b) the Bank Secrecy Act, 31 U.S.C. §§ 5311 et seq., and its implementing regulations, 31 CFR Part 103.

"Base Annual Rental" has the meaning set forth in Section 1.05.

"Base Monthly Rental" means an amount equal to 1/12 of the applicable Base Annual Rental.

"Business Day" means a day on which banks located in Scottsdale, Arizona are not required or authorized to remain closed.

"Casualty" means any loss of or damage to any property included within or related to the Properties or arising from an adjoining property caused by an Act of God, fire, flood or other catastrophe.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time.

"Condemnation" means a Taking and/or a Requisition.

"Costs" means all reasonable costs and expenses incurred by a Person, including, without limitation, reasonable attorneys' fees and expenses, court costs, expert witness fees, costs of tests and analyses, travel and accommodation expenses, deposition and trial transcripts, copies and other similar costs and fees, brokerage fees, escrow fees, title insurance premiums, appraisal fees, stamp taxes, recording fees and transfer taxes or fees, as the circumstances require.

"*Default Rate*" means 10% per annum or the highest rate permitted by Law, whichever is less.

"*Effective Date*" has the meaning set forth in the introductory paragraph of this Lease.

"*Environmental Laws*" means federal, state and local Laws, ordinances, common law requirements and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees having the effect of Law in effect now or in the future and including all amendments, that relate to Hazardous Materials, Regulated Substances, USTs, and/or the protection of human health or the environment, or relating to liability for or Costs of Remediation or prevention of Releases, and apply to Lessee and/or the Properties.

"*Environmental Liens*" means any liens and other encumbrances imposed pursuant to any Environmental Law.

"*Event of Default*" has the meaning set forth in Section 12.01.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Extension Option*" has the meaning set forth in Section 3.02. "*Extension Term*" has the meaning set forth in Section 3.02.

"*Force Majeure Event*" has the meaning set forth in Section 17.01.

"*GAAP*" means generally accepted accounting principles, consistently applied from period to period.

"*Governmental Authority*" means any governmental authority, agency, department, commission, bureau, board, instrumentality, court or quasi-governmental authority of the United States, any state or any political subdivision thereof with authority to adopt, modify, amend, interpret, give effect to or enforce any federal, state and local Laws, statutes, ordinances, rules or regulations, including common law, or to issue court orders.

"*Guarantor*" means Marquis Industries, Inc., a Georgia corporation, or any additional or replacement guarantor(s) approved by Lessor in its sole and absolute discretion.

"*Guaranty*" means that certain Unconditional Guaranty of Payment and Performance dated as of the date hereof given by Guarantor for the benefit of Lessor, as the same may be amended from time to time.

"*Hazardous Materials*" includes: (a) oil, petroleum products, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other materials, contaminants or pollutants, the presence of which causes any of the Properties to be in violation of any local, state or federal Law or regulation, or Environmental Law, or are defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "toxic substances," "contaminants," "pollutants," or words of similar import under any applicable local, state or federal Law or under the regulations adopted, orders issued, or publications promulgated pursuant thereto, including, but not limited to: (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; (ii) the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 5101, et seq.; (iii) the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq.; and (iv) regulations adopted and publications promulgated pursuant to the aforesaid Laws; (b) asbestos in any form which is friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million; (c) underground storage tanks; and (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Authority.

"Improvements" means all buildings, building improvements, fixtures, land improvements and other improvements now or hereafter located on the Property (whether or not affixed to the Property).

"Indemnified Parties" means Lessor and its members, managers, officers, directors, shareholders, partners, employees, agents, servants, representatives, contractors, subcontractors, affiliates, subsidiaries, participants, successors and assigns, including, but not limited to, any successors by merger, consolidation or acquisition of all or a substantial portion of the assets and business of Lessor.

"Initial Term" has the meaning set forth in Section 3.01.

"Insolvency Event" means (a) a Person's (i) failure to generally pay its debts as such debts become due; (ii) admitting in writing its inability to pay its debts generally; or (iii) making a general assignment for the benefit of creditors; (b) any proceeding being instituted by or against any Person (i) seeking to adjudicate it bankrupt or insolvent; (ii) seeking liquidation, dissolution, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any Law relating to bankruptcy, insolvency, or reorganization or relief of debtors; or (iii) seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property, and in the case of any such proceeding instituted against any Person, either such proceeding shall remain undismissed for a period of one hundred twenty (120) days or any of the actions sought in such proceeding shall occur; or (c) any Person taking any corporate action to authorize any of the actions set forth above in this definition.

"Insurance Premiums" has the meaning in Section 6.04.

"Law(s)" means any constitution, statute, rule of law, code, ordinance, order, judgment, decree, injunction, rule, regulation, policy, requirement or administrative or judicial determination, even if unforeseen or extraordinary, of every duly constituted Governmental Authority, court or agency, now or hereafter enacted or in effect.

"Lease Rate" means a percentage equal to (a) the then-current Base Monthly Rental multiplied by twelve (12), divided by (b) the aggregate purchase price of all of the Properties paid by Lessor (or Lessor's predecessor-in-interest).

"Lease Term" has the meaning described in Section 3.01.

"Legal Requirements" means the requirements of all present and future Laws (including, without limitation, Environmental Laws and Laws relating to accessibility to, usability by, and discrimination against, disabled individuals), all judicial and administrative interpretations thereof, including any judicial order, consent, decree or judgment, and all covenants, restrictions and conditions now or hereafter of record which may be applicable to Lessee or to any of the Properties, or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or restoration of any of the Properties, even if compliance therewith necessitates structural changes or improvements or results in interference with the use or enjoyment of any of the Properties.

"Lender" means any lender in connection with any loan secured by Lessor's interest in any or all of the Properties, and any servicer of any loan secured by Lessor's interest in any or all of the Properties.

"Lessee Entity" or *"Lessee Entities"* means individually or collectively, as the context may require, Lessee and Guarantor.

"Lessee's Information" has the meaning set forth in Section 17.05(b).

"Lessee Reporting Entities" means individually or collectively, as the context may require, Lessee, Guarantor and Marquis Affiliated Holdings, LLC, a Delaware limited liability company.

"Lessor Entity" or *"Lessor Entities"* means individually or collectively, as the context may require, Lessor and all Affiliates of Lessor.

"Loan Agreement" means that certain Mortgage Loan Agreement by and among the Mortgage Loan Lender and Lessee of even date herewith memorializing the Improvement mortgage loan from the Mortgage Loan Lender to Lessee in the principal amount of \$9,355,521.00.

"Loan Documents" means collectively, the Loan Agreement, the Note, and all documents evidencing and/or securing the loan described therein, including without limitation, promissory notes, guarantees, mortgages or deeds of trust, an environmental indemnification agreement, any security agreement, and all other documents, instruments and agreements executed in connection therewith or contemplated thereby.

"Losses" means any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, Costs, diminutions in value, fines, penalties, interest, charges, fees, judgments, awards, amounts paid in settlement and damages of whatever kind or nature, inclusive of bodily injury and property damage to third parties (including, without limitation, attorneys' fees and other Costs of defense).

"Material Adverse Effect" means a material adverse effect on (a) any Property, including without limitation, the operation of any Property as a Permitted Facility and/or the value of any Property; (b) the contemplated business, condition, worth or operations of any Lessee Entity; (c) Lessee's ability to perform its obligations under this Lease; (d) Lessor's interests in any of the Properties, this Lease or the other Transaction Documents; or (e) Guarantor's ability to perform its obligations under the Guaranty.

"Monetary Obligations" means all Rental and all other sums payable or reimbursable by Lessee under this Lease to Lessor, to any third party on behalf of Lessor, or to any Indemnified Party.

"Mortgage Loan Lender" is STORE Capital Acquisitions, LLC, a Delaware limited liability company.

"Mortgages" means, collectively, the mortgages, deeds of trust or deeds to secure debt, assignments of rents and leases, security agreements and fixture filings executed by Lessor for the benefit of Lender with respect to any or all of the Properties, as such instruments may be amended, modified, restated or supplemented from time to time and any and all replacements or substitutions.

"Net Award" means (a) the entire award payable with respect to a Property by reason of a Condemnation whether pursuant to a judgment or by agreement or otherwise; or (b) the entire proceeds of any insurance required under Section 6.03 payable with respect to a Property, as the case may be, and in either case, less any Costs incurred by Lessor in collecting such award or proceeds.

"Note" means that certain Promissory Note of even date herewith from Lessee to the Mortgage Loan Lender, in the principal amount of \$9,355,521.00.

"OFAC Laws" means Executive Order 13224 issued by the President of the United States, and all regulations promulgated thereunder, including, without limitation, the Terrorism Sanctions Regulations (31 CFR Part 595), the Terrorism List Governments Sanctions Regulations (31 CFR Part 596), the Foreign Terrorist Organizations Sanctions Regulations (31 CFR Part 597), and the Cuban Assets Control Regulations (31 CFR Part 515), and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists (including, without limitation, the Specially Designated Nationals and Blocked Persons List) and any other requirements of any Governmental Authority (including without limitation, the U.S. Department of the Treasury Office of Foreign Assets Control) addressing, relating to, or attempting to eliminate, terrorist acts and acts of war, each as supplemented, amended or modified from time to time after the Effective Date, and the present and future rules, regulations and guidance documents promulgated under any of the foregoing, or under similar **Laws**, ordinances, regulations, policies or requirements of other states or localities.

"Other Agreements" means the Loan Documents.

"Partial Condemnation" has the meaning set forth in Section 11.03.

"Permitted Amounts" shall mean, with respect to any given level of Hazardous Materials or Regulated Substances, that level or quantity of Hazardous Materials or Regulated Substances in any form or combination of forms which does not constitute a violation of any Environmental Laws and except as set forth in that certain Phase I Environmental Site Assessment dated May 20, 2016 prepared by EMG and that certain Release Notification from the Department of Natural Resources dated June 7, 2016 both in connection with the Property located at 716 River Street, Calhoun, Georgia 30701.

"Permitted Facility" or "Permitted Facilities" means an extrusion, carpet manufacturing and floor covering manufacturing and warehouse distribution business, all related purposes such as ingress, egress and parking, and uses incidental thereto or any other use deemed necessary as determined by Lessee in its good faith business judgment provided such use is not a Prohibited Use.

"Person" means any individual, partnership, corporation, limited liability company, trust, unincorporated organization, Governmental Authority or any other form of entity.

"Personalty" means any and all "goods" (excluding "inventory," and including, without limitation, all "equipment," "fixtures," appliances and furniture (as "goods," "inventory," "equipment" and "fixtures" are defined in the applicable Uniform Commercial Code then in effect in the applicable jurisdiction)) from time to time situated on or used in connection with any of the Properties, whether now owned or held or hereafter arising or acquired, together with all replacements and substitutions therefore and all cash and non-cash proceeds (including insurance proceeds and any title and UCC insurance proceeds) and products thereof, and, in the case of tangible collateral, together with all additions, attachments, accessions, parts, equipment and repairs now or hereafter attached or affixed thereto or used in connection therewith.

"Prohibited Use" means (1) adult bookstore, video store or other establishment engaged in the business of selling, renting, exhibiting or delivering pornographic or obscene materials, except that this provision shall not prohibit (a) book stores that are not perceived to be and do not hold themselves out as an "adult book store" and are primarily engaged in the sale of general audience books notwithstanding the incidental concurrent sale of books, magazines and/or periodicals that may contain pornographic materials, or (b) video stores primarily selling or renting video media that on the date of this Lease would be "G" "PG-13" or "R" rated (or an equivalent rating under any rating system that hereafter replaces the current system and is in general use), notwithstanding the incidental concurrent rental of "X-rated" or "Not Rated" video media solely for off premises viewing and without means of on premises review in connection with its selection; provided that such bookstore or video store does not engage in any promotion, advertising, depiction or description of any aspect of the X-rated or Not Rated" material of any kind, that the sale or rental thereof is not from any special or segregated section of the store, and that the sale or rental of such material to minors is prohibited; (2) so-called "head shops" or other establishments primarily engaged in the sale of merchandise that facilitates enhances, promotes or encourages the use of illegal drugs under federal, state and/or local law; (3) off-track betting parlor; (4) pawn shop; (5) "second hand," "slightly used" or other businesses or activities primarily engaged in the sale of used merchandise; (6) junk yard or flea market; (7) stockyard or recycling facility; (8) motor vehicle or boat storage facility; (9) billiard parlor; (10) dry cleaning or laundry plant (which shall not preclude a dry cleaning or laundry business); (11) living quarters, sleeping apartments, or lodging rooms; (12) mortuary; (13) massage parlor; or (14) refining, quarrying or mining operations of any kind.

"Property" or "Properties" means those parcels of real estate legally described on Exhibit attached hereto, all rights, privileges, and appurtenances associated therewith.

"Real Estate Taxes" has the meaning set forth in Section 6.04.

"*Regulated Substances*" means "petroleum" and "petroleum-based substances" or any similar terms described or defined in any of the Environmental Laws and any applicable federal, state, county or local Laws applicable to or regulating USTs.

"*REIT*" means a real estate investment trust as defined under Section 856 of the Code.

"*Release*" means any presence, release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Materials, Regulated Substances or USTs or any Threatened Release.

"*Remediation*" means any response, remedial, removal, or corrective action, any activity to cleanup, detoxify, decontaminate, contain or otherwise remediate any Hazardous Materials, Regulated Substances or USTs, any actions to prevent, cure or mitigate any Release, any action to comply with any Environmental Laws or with any permits issued pursuant thereto, any inspection, investigation, study, monitoring, assessment, audit, sampling and testing, laboratory or other analysis, or any evaluation relating to any Hazardous Materials, Regulated Substances or USTs.

"*Rental*" means, collectively, the Base Annual Rental and the Additional Rental.

"*Rental Adjustment*" means an amount equal to 17.2% of the Base Annual Rental in effect immediately prior to the applicable Adjustment Date I.

"*Requisition*" means any temporary requisition or confiscation of the use or occupancy of any of the Properties by any Governmental Authority, civil or military, whether pursuant to an agreement with such Governmental Authority in settlement of or under threat of any such requisition or confiscation, or otherwise.

"*Reserve*" has the meaning in Section 6.04.

"*Securities*" has the meaning set forth in Section 17.10.

"*Securities Act*" means of the Securities Act of 1933, as amended. "*Securitization*" has the meaning set forth in Section 17.10.

"*Successor Lessor*" has the meaning set forth in Section 13.03.

"*Taking*" means (a) any taking or damaging of all or a portion of the Properties (i) in or by condemnation or other eminent domain proceedings pursuant to any Law, general or special; (ii) by reason of any agreement with any condemner in settlement of or under threat of any such condemnation or other eminent domain proceeding; or (iii) by any other means; or (b) any de facto condemnation. The Taking shall be considered to have taken place as of the later of the date actual physical possession is taken by the condemner, or the date on which the right to compensation and damages accrues under the Law applicable to the Properties.

"*Temporary Taking*" has the meaning set forth in Section 11.04.

"*Threatened Release*" means a substantial likelihood of a Release which requires action to prevent or mitigate damage to the soil, surface waters, groundwaters, land, stream sediments, surface or subsurface strata, ambient air or any other environmental medium comprising or surrounding any Property which may result from such Release.

"*Total Condemnation*" has the meaning set forth in Section 11.02.

"*Transaction*" has the meaning set forth in Section 14.01.

"*Transaction Documents*" means this Lease, the Guaranty and all documents related thereto.

"*U.S. Publicly Traded Entity*" means an entity whose securities are listed on a national securities exchange or quoted on an automated quotation system in the United States or a wholly-owned subsidiary of such an entity.

"*USTs*" means any one or combination of tanks and associated product piping systems used in connection with storage, dispensing and general use of Regulated Substances.

EXHIBIT B

LEGAL DESCRIPTIONS AND STREET ADDRESSES OF THE PROPERTIES

Address: 2743 Highway 76 (GI Maddox Parkway), Chatsworth, Georgia 30705

Legal Description: All that tract or parcel of land located and lying in Land Lot 173 of the 9th District and 3rd Section of Murray County, Georgia, and being all of Lots 133 through 137 and part of Lot 132, Chief Vann Subdivision, and more particularly described as follows:

Beginning at a point located on the north right of way line of Georgia Highway 52 (80 foot right of way), said point being 591.0 feet east of the intersection of the north right of way line of Georgia Highway 52 with the east right of way line of Georgia Highway 225, as measured along the north right of way line of Georgia Highway 52; thence proceed north 00 degrees 08 minutes 00 seconds west a distance of 193.17 feet; thence north 89 degrees 34 minutes 00 seconds east a distance of 575.00 feet; thence south 00 degrees 08 minutes 00 seconds east a distance of 195.93 feet to the north right of way line of Georgia Highway 52 (80 foot right of way); thence along the north right of way line of Georgia Highway 52 south 89 degrees 50 minutes 30 seconds west a distance of 575.00 feet to the Point of Beginning, all as shown on that Plat for B & H Equities, a Georgia general partnership, prepared by Norman B. Deloach, GRLS No. 1347, and dated February 15, 1994.

Also known as: ALL THAT TRACT or parcel of land lying and being in Land Lot 173 of the 9th District and 3rd Section of Murray County, Georgia, being Lots 133 through 137 and a portion of Lot 132 of Chief Vann Subdivision, and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING commence at the intersection of the northern right of way line of G.I. Maddox Parkway (being U.S. Highway 76 and Georgia Highway 52 and having an 80 foot right of way) with the centerline of Cochran Drive; running thence North 89 degrees 38 minutes 39 seconds West a distance of 415.72 feet to a 1/2 inch rebar and the TRUE POINT OF BEGINNING; thence North 89 degrees 38 minutes 39 seconds West along said right of way line of G.I. Maddox Parkway a distance of 574.99 feet to a 5/8 inch rebar; thence leaving said right of way line of G.I. Maddox Parkway running North 00 degrees 31 minutes 17 seconds East a distance of 193.40 feet to a 5/8 inch rebar; thence South 89 degrees 52 minutes 39 seconds East a distance of 574.59 feet to a 1/2 inch rebar; thence South 00 degrees 24 minutes 03 seconds West a distance of 195.74 feet to a 1/2 inch rebar and the POINT OF BEGINNING.

Address: 325 Smyrna Church Road, Chatsworth, Georgia 30705

Legal Description: Two (2) acres, more or less, of Land Lot No. 266 in the 9th District and 3rd Section of Murray County, Georgia, described as follows: BEGINNING at the point of intersection of the west right-of-way line of Browns Bridge Road and the north right-of-way line of Leonards Bridge Road; thence running west with north side of Leonards Bridge Road, a distance of 396 feet to land of James C. Penson; thence in a northeasterly direction with land of James C. Penson, a distance of 224 feet to land of Maudie Witherow; thence east with south B-1

line of land of Maudie Witherow, a distance of 260 feet to west side of Browns Bridge Road; thence south with west right-of-way line of Browns Bridge Road a distance of 264 feet to the beginning point.

Also known as: ALL THAT TRACT or parcel of land lying and being in Land Lot 266 of the 9th District and 3rd Section of Murray County, Georgia and being more particularly described as follows:

BEGINNING at a mag nail located at the intersection of the northern right of way line of Leonard Bridge Road (having a 50 foot right of way) with the western right of way line of Smyrna Church Road (having an 80 foot right of way), which is the TRUE POINT OF BEGINNING; running thence along said right of way line of Leonard Bridge Road the following courses and distances: North 73 degrees 20 minutes 40 seconds West a distance of 168.40 feet; thence North 72 degrees 31 minutes 15 seconds West a distance of 62.76 feet; thence North 72 degrees 47 minutes 07 seconds West a distance of 68.45 feet; thence North 72 degrees 56 minutes 43 seconds a distance of 80.09 feet to a point on said right of way of Leonard Bridge Road, said point being located North 31 degrees 19 minutes 28 seconds East a distance of 2.50 feet from a 3/4 inch open top pipe; thence leaving said right of way line of Leonard Bridge Road running North 31 degrees 19 minutes 28 seconds East a distance of 221.22 feet to a 1/2 inch open top pipe; thence South 77 degrees 53 minutes 41 seconds East a distance of 258.59 feet to a point located on the western right of way line of Smyrna Church Road, said point being located North 77 degrees 53 minutes 41 seconds West a distance of 1.51 feet from a 1-1/2 inch open top pipe; running thence South 01 degree 15 minutes 59 seconds West a distance of 160.93 feet; thence continuing along said right of way line of Smyrna Church Road South 00 degrees 46 minutes 03 seconds West a distance of 84.73 feet to a mag nail found and the TRUE POINT OF BEGINNING.

Address: 272 Treadwell Road, Chatsworth, Georgia 30705

Legal Description:

TRACT 1

One (1) acre, more or less, of Land Lot No. 191, 9th District, 3rd Section, Murray County, Georgia described as follows:

BEGINNING on the east side of public road which runs from Spring Place by way of Treadwell Cemetery and the "Old" Woods Estate to Green Road at the northeast corner of Lot No. 48 in Woods Estate Subdivision, as recorded in Plat Book 5, Page 234, Murray County Public Records; thence running south 30 degrees 37 minutes 27 seconds east, with east line of said Lot No. 48, a distance of 309 feet; thence in a northeasterly direction 184 feet; thence in a northwesterly direction a distance of 309 feet to the east side of said public road; and thence southwest with east side of said road 133 feet to the beginning point.

TRACT II

All that tract of land containing 1 acre, more or less, lying in Land Lot No. 191, 9th District, 3rd Section, Murray County, Georgia, according to a survey by Leon Pritchett, Murray County, Georgia Land Surveyor, dated March 9, 1977, and being more particularly described as follows:

BEGINNING at the point of intersection formed by the south right of way of Industrial Drive with the northeast corner of Chatsworth Sample Company, Inc.; thence run south 48 degrees 04 minutes 27 seconds east, along the said south right of way, a distance of 388.5 feet to a point; thence run south 24 degrees 05 minutes west, a distance of 365 feet, more or less, to the east line of Woods Estate Subdivision; thence north 17 degrees 38 minutes 44 seconds west, along the east line of said subdivision, a distance of 231.5 feet to the southwest corner of Chatsworth Sample Company, Inc. property; thence north 43 degrees 05 minutes east, along the southeast line of said Sample Co., a distance of 184 feet to their southeast corner; thence north 40 degrees 04 minutes 47 seconds west, along said Sample Co., a distance of 308.97 feet to the south right of way of Industrial Drive and the POINT OF BEGINNING.

TRACT III

One (1) acre of Land Lot No. 191, 9th District, 3rd Section, Murray County, Georgia, according to a plat of survey prepared by Leon Pritchett, Murray County, Georgia Land Surveyor, dated May 2, 1984, recorded in the Office of the Clerk of the Superior Court of Murray County, Georgia, in Plat Book 14, Page 170, and said plat and the description set out therein are by reference incorporated herein for a more particular description of said land.

Subject to existing easements for public utilities and road rights of ways.

Also known as: ALL THAT TRACT or parcel of land lying and being in Land Lot 191 of the 9th District and 3rd Section of Murray County, Georgia, and being more particularly described as follows:

BEGINNING at a 1/2 inch capped rebar located at the intersection of the southeastern right of way line of Treadwell Road (having an 80 foot right of way) with the southwestern right of way line of Industrial Boulevard (having an 80 foot right of way); thence following along the arc of a curve to the right an arc distance of 80.67 feet to a 1/2 inch capped rebar located on said right of way line of Industrial Boulevard (said arc having a radius of 50.00 feet and being subtended by a chord bearing North 86 degrees 59 minutes 07 seconds East a distance of 72.20 feet); thence South 46 degrees 47 minutes 48 seconds East along said right of way line of Industrial Boulevard a distance of 279.35 feet to a point; thence continuing along said right of way line of Industrial Boulevard following along the arc of a curve to the left an arc distance of 203.41 feet to a 1/2" rebar (said arc having a radius of 712.24 feet and being subtended by a chord bearing South 54 degrees 58 minutes 42 seconds East a distance of 202.72 feet); thence leaving said right of way line of Industrial Boulevard running South 44 degrees 59 minutes 37 seconds West a distance of 396.94 feet to a 1/2" rebar; thence North 16 degrees 04 minutes 20 seconds West a distance of 270.49 feet to a 1/2" rebar; thence North 30 degrees 31 minutes 32 seconds West a distance of 292.69 feet to a 1/2" rebar located on the southeastern right of way line of Treadwell Road; thence North 40 degrees 46 minutes 03 seconds East along said right of way line of Treadwell Road a distance of 95.66 feet to the POINT OF BEGINNING.

Address: 1978 Highway 52 Alt., Chatsworth, Georgia 30705

Legal Description: ALL THAT TRACT or parcel of land lying and being a part of Land Lot 243 of the 9th District AND 3rd Section of Murray County, Georgia, being more particularly described as follows:

BEGINNING at the intersection of the East line of Land Lot 243 with the South right-of-way line of State Route 52 Alternate which is the point of beginning; thence running South 00 degrees 02 minutes 00 seconds East for a distance of 425.77 feet along the East line of Land Lot 243 to an iron pin; thence running North 84 degrees 44 minutes 13 seconds West for a distance of 486.57 feet to an iron pin; thence running North 03 degrees 33 minutes 10 seconds East to a fence post found; thence running South 80 degrees 48 minutes 06 seconds East for a distance of 85.71 feet to an iron pin; thence running North 01 degree 30 seconds West for a distance of 69.49 feet to a point; thence running North 89 degrees 25 minutes 01 second West for a distance of 79.49 feet to a railroad spike; thence running North 00 degrees 47 minutes 04 seconds East for a distance of 199.97 feet to an iron pin; thence running South 89 degrees 25 minutes 19 seconds East for a distance of 350.00 feet along the southerly right-of-way line of State Route 52 Alternate; continuing thence south 89 degrees 28 minutes 53 seconds East for a distance of 120.00 feet along the southerly right-of-way line of State Route 52 Alternate to the POINT OF BEGINNING.

Being 4.30 acres and is in accordance with a plat prepared for Benny Stafford and Dan C. Townsend by Dewayne Hunt, Registered Land Surveyor, dated June 19, 1995 and revised. January 6, 1996.

Also known as: ALL THAT TRACT or parcel of land lying and being in Land Lot 243 of the 9th District and 3rd Section of Murray County, Georgia, and being more particularly described as follows:

BEGINNING at a cross-tie fence corner located at the intersection of the southern right of way line of Georgia Highway 52 Alternate (having a variable right of way) with the east line of Land Lot 243; running thence South 01 degrees 00 minutes 56 seconds East along the east line of Land Lot 243 a distance of 425.77 feet to a 1-inch open top pipe; thence leaving said land lot line running North 85 degrees 43 minutes 09 seconds West a distance of 486.57 feet to a 1-inch open top pipe; thence North 02 degrees 34 minutes 14 seconds East a distance of 129.47 feet to a 5/8 inch capped rebar; thence North 06 degrees 24 minutes 11 seconds East a distance of 258.40 feet to a 5/8 inch capped rebar located on the southern right of way line of Georgia Highway 52 Alternate; thence North 89 degrees 35 minutes 45 seconds East along said right of way line of Georgia Highway 52 Alternate a distance of 323.05 feet to a point; thence continuing along said right of way line of Georgia Highway 52 Alternate North 89 degrees 32 minutes 11 seconds East a distance of 120.00 feet to the POINT OF BEGINNING.

Address: 1642 Duvall Road, Chatsworth, Georgia 30705

Legal Description: A portion of Land Lot No. 132 in the 9th District and 3rd Section of Murray County, Georgia, designated as Tract "A" and Tract "B" on a plat of survey prepared by Leon Pritchett, Murray County, Surveyor, dated October 28, 1982, recorded in the office of the Clerk of the Superior Court of Murray County, Georgia, in Plat Book No. 13. page 62 and described as follows:

BEGINNING at the point of intersection of the south original line. of said Land Lot No. 132 and the eastside of Duvall Road (formerly known as Lydia Jackson Road); thence running north 25 degrees 25 minutes east with the east side of Duvall Road, a distance of 287.74 feet to an iron pin; thence south 86 degrees 16 minutes east, 195.20 feet to an iron pin; thence south 0 degrees 16 minutes west 231.48 feet to an iron pin on the south original line of said land lot; thence north 69 degrees 12 minutes 23 seconds west on said south original line, a distance of 317.21 feet to the POINT OF BEGINNING.

Also known as: All that tract or parcel of land lying and being in Land Lot No. 132 in the 9th District and 3rd Section of Murray County, Georgia, and being more particularly described as follows:

To find the TRUE POINT OF BEGINNING; Commence at an axle found located at the southeast corner of Land Lot Number 132; running thence along the south line of Land Lot Number 132 North 89 degrees 10 minutes 11 seconds West a distance of 294.18 feet to a 1/2 inch rebar and the TRUE POINT OF BEGINNING; thence continuing along the south line of Land Lot Number 132 North 89 degrees 03 minutes 11 seconds West a distance of 315.85 feet to a 1/2 inch rebar located on the eastern right of way line of Duvall Road (having an 80-foot right of way); running thence along said right of way of Duvall Road North 25 degrees 15 minutes 54 seconds East a distance of 287.97 feet to a 1/2 inch rebar; thence leaving said right of way of Duvall Road running South 85 degrees 50 minutes 21 seconds East a distance of 195.29 feet to a metal T-post; thence South 00 degrees 25 minutes 35 seconds West a distance of 251.48 feet to a capped 1/2 inch rebar and the TRUE POINT OF BEGINNING.

Address: 1805 South Hamilton Street, Dalton, Georgia 30720

Legal Description:

TRACT ONE

All that tract or parcel of land situated, lying and being in Land Lots 277 and 294 in the 12th District and 3rd Section of Whitfield County, Georgia, and being 2.30 acres of land shown on plat of survey prepared by Bakkum - Deloach & Associates dated March 10, 2004, and entitled "Plat for Jack Turner" and being more particularly described as follows:

TO LOCATE THE POINT OF BEGINNING commence at the northwest corner of said Land Lot 294 and running thence due South a distance of 10 feet; thence running due East a distance of 196.3 feet to a point on the easterly line of South Hamilton Street (80 foot right of way) and the point of BEGINNING; from said point of beginning running thence North 17 degrees 16 minutes 20 seconds East along the easterly line of South Hamilton Street 250.00 feet; thence running South 80 degrees 48 minutes 00 seconds East 364.80 feet to the westerly right of way line of the Southern Railroad; thence running along the westerly right of way line of Southern Railroad the following courses and distances: South 02 degrees 37 minutes 44 seconds East 76.40 feet; South 00 degree 00 minutes 02 seconds East 99.58 feet; South 01 degree 52 minutes 49 seconds West 79.54 feet; thence leaving said railroad right of way and running thence North 76 degrees 32 minutes 45 seconds West 74.40 feet; thence running North 80 degrees 58 minutes 00 seconds West 367.43 feet to the easterly line of South Hamilton Street and the point of beginning.

TRACT TWO

All that tract or parcel of land situated, lying and being in Land Lot 277 in the 12th District and 3rd Section of Whitfield County, Georgia, and being 4.35 acres of land shown on plat of survey prepared by Bakkum - Deloach & Associates dated March 10, 2004, and entitled "Plat for Jack Turner" and being more particularly described as follows:

TO LOCATE THE POINT OF BEGINNING commence at the northwest corner of said Land Lot 294 and running thence due South a distance of 10 feet; thence running due East a distance of 196.3 feet to a point on the easterly line of South Hamilton Street (80 foot right of way); running thence North 17 degrees 16 minutes 20 seconds East along the easterly line of South Hamilton Street 250.00 feet to the point of BEGINNING; and from said point of beginning running thence the following courses and distances along South Hamilton Street: North 17 degrees 16 minutes 20 seconds East 200.81 feet; thence running North 17 degrees 00 minutes 27 seconds East 77.21 feet; thence North 16 degrees 02 minutes 16 seconds East 78.70 feet; thence running North 11 degrees 29 minutes 28 seconds East 79.38 feet; thence running North 04 degrees 50 minutes 48 seconds East 81.21 feet; thence running North 03 degrees 26 minutes 40 seconds West 83.93 feet; thence running North 10 degrees 35 minutes 34 seconds West 81.74 feet; thence running North 17 degrees 12 minutes 19 seconds West 82.29 feet; thence running North 23 degrees 37 minutes 34 seconds West 82.56 feet; thence running North 31 degrees 57 minutes 54 seconds West 81.72 feet; thence running North 35 degrees 49 minutes 17 seconds West 76.81 feet; thence running North 37 degrees 54 minutes 40 seconds West 81.62 feet; thence running North 38 degrees 51 minutes 44 seconds West 78.35 feet; thence running North 39 degrees 44 minutes 13 seconds West 169.09 feet to the intersection of the northeasterly line of South Hamilton Street with the westerly line of said Land Lot 277; thence leaving said easterly line of South Hamilton Street and running thence North 01 degree 48 minutes 25 seconds East 117.15 feet to the westerly right of way line of Southern Railroad; thence running along the westerly right of way line of Southern Railroad the following courses and distances: South 35 degrees 23 minutes 09 seconds East 491.97 feet; thence running South 32 degrees 22 minutes 32 seconds East 103.96 feet; thence running South 28 degrees 55 minutes 33 seconds East 100.99 feet; thence running South 25 degrees 55 minutes 21 seconds East 101.13 feet; thence running South 22 degrees 46 minutes 13 seconds East 99.35 feet; thence running South 19 degrees 38 minutes 52 seconds East 102.84 feet; thence running South 16 degrees 27 minutes 21 seconds East 100.62 feet; thence running South 13 degrees 44 minutes 13 seconds East 95.57 feet; thence running South 10 degrees 50 minutes 08 seconds East 100.09 feet; thence running South 08 degrees 13 minutes 44 seconds East 110.63 feet; thence running South 04 degrees 41 minutes 30 seconds East 127.35 feet; thence leaving the westerly right of way line of Southern Railroad and running thence North 80 degrees 48 minutes 00 seconds West 364.80 feet to the easterly line of South Hamilton Street and the point of beginning.

Also known as:

TRACT 1

ALL THAT TRACT or parcel of land lying and being in Land Lots 277 and 294 of the 12th District and 3rd Section of Whitfield County, Georgia, and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING commence at the northwest corner of said Land Lot 294 running thence due South a distance of 10 feet; thence due East a distance of 196.3 feet to a 1-inch open top pipe located on the eastern right of way line of South Hamilton Street (having an 80-foot right of way), said pipe also being located South 63 degrees 02 minutes 37 seconds East a distance of 41.64 feet from the intersection of the centerline of South Hamilton Street with the centerline of Altamont Drive and being the TRUE POINT OF BEGINNING; thence North 17 degrees 16 minutes 20 seconds East along said right of way line of South Hamilton Street a distance of 250.00 feet to a 1/2 inch rebar; thence leaving said right of way line of South Hamilton Street running South 80 degrees 48 minutes 00 seconds East a distance of 364.80 feet to a point located on the western right of way line of Norfolk Southern Railway Company; thence along said right of way line of Norfolk Southern Railway Company the following courses and distances: South 02 degrees 37 minutes 44 seconds East a distance of 76.40 feet; South 00 degrees 00 minutes 02 seconds East a distance of 99.58 feet; South 01 degree 52 minutes 49 seconds West a distance of 79.54 feet to a concrete monument; thence leaving said right of way line of Norfolk Southern Railway Company running North 76 degrees 32 minutes 45 seconds West a distance of 74.40 feet to a concrete monument; thence North 80 degrees 58 minutes 00 seconds West a distance of 367.43 feet to the eastern right of way line of South Hamilton Street and the POINT OF BEGINNING.

TRACT 2

ALL THAT TRACT or parcel of land lying and being in Land Lot 277 of the 12th District and 3rd Section of Whitfield County, Georgia, and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING commence at the northwest corner of said Land Lot 294 running thence due South a distance of 10 feet; thence due East a distance of 196.3 feet to a 1-inch open top pipe located on the eastern right of way line of South Hamilton Street (having an 80-foot right of way), said pipe also being located South 63 degrees 02 minutes 37 seconds East a distance of 41.64 feet from the intersection of the centerline of South Hamilton Street with the centerline of Altamont Drive; thence North 17 degrees 16 minutes 20 seconds East along said right of way line of South Hamilton Street a distance of 250.00 feet to a 1/2 inch rebar and the TRUE POINT OF BEGINNING; running thence along said right of way line of South Hamilton Street the following courses and distances: North 17 degrees 16 minutes 20 seconds East a distance of 200.81 feet; thence North 17 degrees 00 minutes 27 seconds East a distance of 77.21 feet; thence North 16 degrees 02 minutes 16 seconds East a distance of 78.70 feet; thence North 11 degrees 29 minutes 28 seconds East a distance of 79.38 feet; thence North 04 degrees 50 minutes 48 seconds East a distance of 81.21 feet; thence North 03 degrees 26 minutes 40 seconds West a distance of 83.93 feet; thence North 10 degrees 35 minutes 34 seconds West a distance of 81.74 feet; thence North 17 degrees 12 minutes 19 seconds West a distance of 82.29 feet; thence North 23 degrees 37 minutes 34 seconds West a distance of 82.56 feet; thence North 31 degrees 57 minutes 54 seconds West a distance of 81.72 feet; thence North 35 degrees 49 minutes 17 seconds West a distance of 76.81 feet; thence North 37 degrees 54 minutes 40 seconds West a distance of 81.62 feet; thence North 38 degrees 51 minutes 44 seconds West a distance of 78.35 feet; thence North 39 degrees 44 minutes 13 seconds West a distance of 169.09 feet to a 5/8 inch capped rebar located at the intersection of the northeastern right of way line of South Hamilton Street with the western line of Land Lot 277; thence leaving said right of way line of South Hamilton Street running North 01 degree 48 minutes 25 seconds East along said western line of Land Lot 277 a distance of 117.15 feet to a 5/8 inch capped rebar located at the intersection of said western line of Land Lot 277 with the western right of way line of Norfolk Southern Railway Company; thence along said right of way line of Norfolk Southern Railway Company the following courses and distances: South 35 degrees 23 minutes 09 seconds East a distance of 491.97 feet; thence South 32 degrees 22 minutes 32 seconds East a distance of 103.96 feet; thence South 28 degrees 55 minutes 33 seconds East a distance of 100.99 feet; thence South 25 degrees 55 minutes 21 seconds East a distance of 101.13 feet; thence South 22 degrees 46 minutes 13 seconds East a distance of 99.35 feet; thence South 19 degrees 38 minutes 52 seconds East a distance of 102.84 feet; thence South 16 degrees 27 minutes 21 seconds East a distance of 100.62 feet; thence South 13 degrees 44 minutes 13 seconds East a distance of 95.57 feet; thence South 10 degrees 50 minutes 08 seconds East a distance of 100.09 feet; thence South 08 degrees 13 minutes 44 seconds East a distance of 110.63 feet; thence South 04 degrees 41 minutes 30 seconds East a distance of 127.35 feet; thence leaving said right of way line of Norfolk Southern Railway Company running North 80 degrees 48 minutes 00 seconds West a distance of 364.80 feet to the eastern line of South Hamilton Street and the POINT OF BEGINNING.

Address: 2669 Lakeland Road (a/k/a Abutement Road), Dalton, Georgia 30721

Legal Description: All that tract or parcel of land located and lying in Land Lot 26 of the 13th District and 3rd Section of Whitfield County, Georgia, and more particularly described as follows:

BEGINNING at a point on the eastern right-of-way line of Lakeland Road (a/k/a Abutment Road, 80 foot right of way), said point being located south 01 degree 55 minutes 00 seconds east a distance of 487.6 feet from the southern right-of-way line of Focus Road; running thence north 88 degrees 00 minutes 00 seconds east a distance of 850.0 feet; thence south 02 degrees 00 minutes 00 seconds east a distance of 300.0 feet; thence south 88 degrees 00 minutes 00 seconds west a distance of 850.0 feet to a point on the eastern right-of-way line of Lakeland Road; thence north 02 degrees 00 minutes 00 seconds west along the eastern right-of-way line of Lakeland Road a distance of 300.0 feet to the Point of Beginning.

Said tract or parcel is shown on that survey for Quantum Realty, a Georgia general partnership, Cohutta Banking Company, and Lawyers Title Insurance Corporation dated January 25, 2001 and prepared by Marcus Eugene Cook, GRLS No. 1935.

Also known as: ALL THAT TRACT or parcel of land lying and being in Land Lot 26 of the 13th District and 3rd Section of Whitfield County, Georgia and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING commence at the point of intersection of the eastern right of way line of Abutment Road (having an 80-foot right of way) with the centerline of Focus Drive; thence South 01 degree 55 minutes 00 seconds East along said right of way line of Abutment Road a distance of 518.48 feet to a 1/2 inch capped rebar and the TRUE POINT OF BEGINNING; thence leaving said right of way line of Abutment Road running North 88 degrees 00 minutes 00 seconds East a distance of 850.00 feet to a 1/2" rebar; thence South 02 degrees 00 minutes 00 seconds East a distance of 300.00 feet to a 5/8 inch capped rebar; thence South 88 degrees 00 minutes 00 seconds West a distance of 850.00 feet to a 5/8 inch capped rebar located on the eastern right of way line of Abutment Road; thence North 02 degrees 00 minutes 00 seconds West along said right of way line of Abutment Road a distance of 300.00 feet to the POINT OF BEGINNING.

Address: 716 River Street, Calhoun, Georgia 30701

Legal Description: ALL THAT TRACT OR PARCEL of land lying and being in Land Lot No. 242 in the 14th District and 3rd Section of Gordon County, Georgia, and being more particularly described as follows:

To find the TRUE POINT OF BEGINNING; Commence at the intersection of the centerline of River Street with the centerline of Oak Street; running thence South 01 degree 28 minutes 12 seconds West a distance of 1089.55 feet to an iron pin and the TRUE POINT OF BEGINNING; thence South 02 degrees 53 minutes 05 seconds East a distance of 341.57 feet to an iron pin; thence South 28 degrees 42 minutes 09 seconds East a distance of 34.44 feet to an iron pin; thence South 02 degrees 45 minutes 09 seconds East a distance of 84.14 feet to an iron pin; thence North 86 degrees 55 minutes 51 seconds East a distance of 20.19 feet to an iron pin; thence North 02 degrees 49 minutes 07 seconds West a distance of 42.25 feet to an iron pin located on the western right of way of River Street (having a 100-foot right of way); thence following said right of way of River Street following the arc of a curve to the left an arc distance of 68.71 feet (said arc having a radius of 1959.86 feet and being subtended by a chord bearing South 12 degrees 11 minutes 13 seconds East a chord distance of 68.71 feet to an iron pin; thence leaving said right of way of River Street, running South 86 degrees 03 minutes 17 seconds West a distance of 630.92 feet to an iron pin; thence North 00 degrees 17 minutes 16 seconds West a distance of 489.54 feet to an iron pin; thence North 86 degrees 37 minutes 17 seconds East a distance of 562.50 feet to an iron pin and the POINT OF BEGINNING.

SAID TRACT OR PARCEL containing 6.46 Acres.

Also known as: ALL THAT TRACT OR PARCEL of land lying and being in Land Lot No. 242 in the 14th District and 3rd Section of Gordon County, Georgia, and being more particularly described as follows:

To find the TRUE POINT OF BEGINNING; Commence at the intersection of the centerline of River Street with the centerline of Oak Street; running thence South 01 degree 28 minutes 12 seconds West a distance of 1089.55 feet to an iron pin and the TRUE POINT OF BEGINNING; thence South 02 degrees 53 minutes 05 seconds East a distance of 341.57 feet to an iron pin; thence South 28 degrees 42 minutes 09 seconds East a distance of 34.44 feet to an iron pin; thence South 02 degrees 45 minutes 09 seconds East a distance of 84.14 feet to an iron pin; thence North 86 degrees 55 minutes 51 seconds East a distance of 20.19 feet to an iron pin; thence North 02 degrees 49 minutes 07 seconds West a distance of 42.25 feet to an iron pin located on the western right of way of River Street (having a 100-foot right of way); thence following said right of way of River Street following the arc of a curve to the left an arc distance of 68.71 feet (said arc having a radius of 1959.86 feet and being subtended by a chord bearing South 12 degrees 11 minutes 13 seconds East a chord distance of 68.71 feet to an iron pin; thence leaving said right of way of River Street, running South 86 degrees 03 minutes 17 seconds West a distance of 630.92 feet to an iron pin; thence North 00 degrees 17 minutes 16 seconds West a distance of 489.54 feet to an iron pin; thence North 86 degrees 37 minutes 17 seconds East a distance of 562.50 feet to an iron pin and the POINT OF BEGINNING.

EXHIBIT C

EXHIBIT C

FORM OF AUTHORIZATION AGREEMENT – PRE-ARRANGED PAYMENTS

AUTHORIZATION AGREEMENT
PRE-ARRANGED PAYMENTS

Reference Number _____
 I (We) (Tenant) authorize / _____ \ (Servicer) to initiate entries identified below as required. Tenant further authorizes the bank below to post such entries to the identified checking account beginning with the payment draft date of ____ / ____ / _____. A minimum of thirty (30) days advance notice is required to process first payment by ACH.

Bank Name _____ Branch _____
 City _____ State _____ Zip _____

***Transit - ABA

Account Number Information

ACCOUNT TYPE*** Please specify checking or savings account (C/S) _____
PLEASE FILL IN BANK INFORMATION CAREFULLY
ATTACH VOIDED CHECK FOR ACCOUNT VERIFICATION

Automatic debits will be made on the payment due date established by the relevant lease documents, or the next subsequent business day if such date is not a business day. This authority may be terminated upon thirty days prior written notification from the Tenant to the servicer. Tenant has the right to stop payment of any entry by notification to the bank prior to the scheduled debit date. If an erroneous entry is initiated by the servicer to the Tenant's account, Tenant shall have the right to have the amount of such entry reversed by the bank. To initiate a reversal, the Tenant must notify the bank in writing that an error has occurred and request a reversal. Such notice must be within 15 calendar days after the Tenant receives the statement of account or other written notice from the bank identifying the error. Tenant hereby authorizes the servicer to impose a \$60.00 returned item processing fee, subject to change, via ACH debit against the above-referenced account of the Tenant if a non-sufficient funds or stop payment item is charged against the servicer's account.

Tenant	Tax Identification
Name(s) _____	Number _____
Date _____	
Print Authorized Name _____	
Authorized Signature _____	
Print Authorized Name _____	
Authorized Signature _____	
Contact Phone Number _____	Fax Number _____
Email Address: _____	

Return Original to: / _____ \
 Attn: / _____ \
 / _____ \
 Fax Number: / _____ \

C-1

4816-6487-6591.6
 STORE / Marquis Real Estate Holdings, LLC
 Master Lease Agreement
 File No. 7210/02-448

EXHIBIT D

STATE-SPECIFIC PROVISIONS

Without limiting the choice of law provision set forth in this Lease, the following provisions shall apply to the extent that the laws of the State of Georgia govern the interpretation or enforcement of this Lease with respect to the Properties:

Lessor and Lessee waive any claim or right they may have to claim that this Lease is or should ever be characterized as "usufruct" under Georgia law.

Upon an Event of Default, Lessor may avail itself of all rights and remedies provided under applicable Georgia law against Lessee, including without limitation, under the dispossessory scheme codified at O.C.G.A. Section 44-7-50, *et seq.*, as amended. Further, if Lessor chooses to avail itself of a Georgia forum relative to enforcement of its rights under this Lease, then to the extent necessary, Section 17.19 of this Lease shall be deemed amended to permit Lessor to proceed in the applicable Georgia court and to have this Lease governed by Georgia law to the extent necessary to enforce its rights in Georgia.

Lessor shall be entitled to attorneys' fees on the terms provided in O.C.G.A. Section 13-1-11, *et seq.*

To the extent that the State of Georgia now, or in the future, imposes a rental or transfer tax, or any similar tax, against any and all rental payments under this Lease, then Lessee shall be liable for all such taxes, such taxes shall be payable by Lessee upon demand, and such taxes shall be deemed Additional Rental under this Lease.

The text in Section 12.02(e) shall be deleted in its entirety and replaced with the following:

(e) Lessor may terminate this Lease without any right of Lessee to reinstate Lessee's rights by payment of any rentals due under this Lease, including Base Annual Rental and Additional Rental, or other performance of the terms and conditions of this Lease, whereupon Lessee's right to possession of the Properties shall cease (and Lessee shall immediately surrender possession of the Properties to Lessor) and this Lease, except as to Lessee's liability, shall be terminated. Lessee expressly waives any and all rights of redemption granted by or under present or future law if this Lease is terminated or if Lessee is evicted or dispossessed by reason of any breach by Lessee of the provisions of this Lease. Upon any termination of this Lease, or upon demand without termination, at Lessor's sole discretion, Lessor may recover from Lessee the following:

(i) All unpaid Rental scheduled to be paid prior to the effective date of the Event of Default; and

(ii) Lessor may accelerate all Rental due from the date of such Event of Default through the end of the Lease Term. Such "Accelerated Rent" shall be deemed liquidated damages hereunder, as Lessor's injury caused by such Event of Default is difficult or impossible to estimate accurately; the parties intend for this "Accelerated Rent" to provide for damages rather than a penalty; and such "Accelerated Rent" is a reasonable pre-estimate of Lessor's probable loss in the event of such Event of Default. Such "Accelerated Rent" amount shall be reduced by the fair market rental amount Lessor reasonably expects to receive if the Properties were relet for the time period to which the "Accelerated Rent" applies, which "Accelerated Rent" amount as so adjusted shall be discounted at a rate equal to the discount rate of the Federal Reserve Bank of New York at the time of such "Accelerated Rent" determination, plus 1%; and

(iii) Lessor shall be entitled to any other amounts reasonably necessary to compensate Lessor for all loss, damage and detriment approximately caused by such Event of Default, including without limitation, all court costs, expenses and reasonable attorneys' fees.

SCHEDULE 9.03

SUPPLEMENTAL FINANCIAL INFORMATION

Lessee shall deliver the following information in connection with delivery of the corporate financial statements required in Section 9.03 of the Lease.

Corporate Financial Reporting Certificate

Company:

For the Qtr or FYE ending _____

of months represented _____

Number of units operating at the end of reporting period _____

EBITDAR Calculation:

Net Income _____

Plus: Interest Expense _____

Plus: Taxes _____

Plus: Depreciation & Amortization _____

Plus: Operating Lease Expense _____

Plus: Any non-recurring expenses (please clarify below) _____

Plus: Any other non-cash expenses (please clarify below) _____

EBITDAR _____

Items required to be broken out of Balance Sheet:

Current Portion of Long-Term Debt _____

Current Portion of any Capital Leases _____

Senior Third-Party Debt Balances _____

Subordinate/Related Party Debt Balances _____

Explanations of non-recurring and non-cash items:

9.03-1

4816-6487-6591.6
STORE / Marquis Real Estate Holdings, LLC
Master Lease Agreement
File No. 7210/02-448

Lessee shall deliver the following information in connection with delivery of the unit-level financial statements required in Section 9.03 of the Lease.

STORE Capital Unit-Level Financial Reporting Certificate

Unit ID:	1	2	3
For the Qtr or FYE ending	_____	_____	_____
# of months represented	_____	_____	_____

Store-Level pre-corporate overhead EBITDAR Calculation:

Store-Level Net Income	_____	_____	_____
Plus: Interest Expense	_____	_____	_____
Plus: Taxes	_____	_____	_____
Plus: Depreciation & Amortization	_____	_____	_____
Plus: Property Rent Expense (base rent + any % rent)	_____	_____	_____
Plus: Any corporate overhead allocations to the unit	_____	_____	_____
Plus: Any non-recurring expenses (please clarify below)	_____	_____	_____
Plus: Any other non-cash expenses (please clarify below)	_____	_____	_____
EBITDAR	_____	_____	_____

Items required to be broken out on unit-level profit and loss statement:

Cost Goods Sold	_____	_____	_____
Labor Expenses	_____	_____	_____

Explanations of non-recurring and non-cash items:

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is made and entered into as of June 14, 2016 ("Effective Date"), by and between STORE CAPITAL ACQUISITIONS, LLC, a Delaware limited liability company ("Purchaser") and MARQUIS REAL ESTATE HOLDINGS, LLC, a Delaware limited liability company ("Seller"). Except as otherwise expressly defined herein, capitalized terms will have the meanings set forth on Exhibit A attached hereto and incorporated herein by this reference. For and in consideration of the mutual covenants and promises hereinafter set forth, the parties hereby mutually covenant and agree as follows:

ARTICLE I

PURCHASE OF PROPERTIES

Section 1.01. Agreement to Purchase. Purchaser agrees to purchase, and Seller agrees to sell, in accordance with the terms, conditions and stipulations set forth in this Agreement (the "Transaction"), all of Seller's right, title and interest in and to (a) the parcel or parcels of real property, as more particularly described on Exhibit B attached hereto (collectively, the "Real Property"); (b) all mineral, oil and gas rights, water rights, sewer rights and other utility rights allocated to the Real Property; and (c) all easements, licenses, privileges and other property interests belonging or appurtenant to the Real Property (all of the foregoing items in clauses (a) through (c) above, now or hereafter existing, individually, a "Property", and collectively, the "Properties"). Purchaser and Seller acknowledge and agree that this Agreement and the terms "Properties" shall not include (1) any and all improvements on the Real Property; or (ii) any and all fixtures related to the improvements on the Real Property (collectively, the "Improvements"); or (iii) any personal property of Seller, including without limitation, equipment, machinery, tools and inventory. The parties acknowledge and agree that (i) fee title to the Calhoun Property is currently owned by a third party ("Current Owner"); (ii) simultaneously with this Transaction, Seller will exercise its option to purchase the Calhoun Property from the Current Owner; (iii) the obligations of Seller under this Agreement with respect to the Calhoun Property may be satisfied by Current Owner; and (iv) unless otherwise mutually agreed by Seller and Purchaser, Seller shall designate or nominate Purchaser to take title to the Calhoun Property simultaneous with this Closing.

Section 1.02. Purchase Price. The aggregate purchase price to be paid by Purchaser to Seller for the Properties is \$644,479.00 (the "Purchase Price"). The Purchase Price shall be paid by Purchaser in immediately available federal funds at Closing.

Section 1.03. Lease of Properties. On or before the Closing Date, Lessee and Purchaser shall agree upon the Master Lease Agreement, pursuant to which Purchaser shall lease the Properties to Lessee, at the rent and pursuant to the terms and conditions contained therein (the "Lease"). At Closing, Lessee will enter into a separate lease (in form and substance substantially similar to the Lease) (the "Property and Improvements Lease"), whereby Lessee will sublease (i) the Properties and the Improvements to Guarantor (the "Sublessee"). The monthly rent due under the Property and Improvements Lease shall in the aggregate be an amount in excess of the monthly payments due under the Lease and the Loan Documents, which amount shall be agreed upon by Lessee and Purchaser.

Section 1.04. Mortgage Loan. At Closing, Purchaser or an Affiliate of Purchaser (the "Lender") shall fund a mortgage loan to Lessee in the aggregate amount of \$9,355,521.00 (the "Mortgage Loan") pursuant to the terms and conditions of the Loan Agreement. The Mortgage Loan will be (i) evidenced by customary financing documents, including without limitation, the Loan Agreement, a Promissory Note, Mortgages or Deeds of Trust, an Assignment of Leases and Rents, Pledge Agreement and such other documents as are reasonably requested by Purchaser, (ii) guaranteed by Guarantor, (iii) secured by a first priority lien on the Improvements, and (iv) secured by a pledge agreement relating to 100% of the ownership interests in Lessee (collectively, the "Loan Documents"), with all said Loan Documents to be in form and substance reasonably satisfactory to Lender and Lessee.

Section 1.05. Prorations. In view of the subsequent lease of the Properties to Lessee pursuant to the Lease and Lessee's obligations thereunder, there shall be no proration of insurance, taxes, special assessments, utilities or any other costs related to the Properties between Seller and Purchaser at Closing. All real and personal property and other applicable taxes and assessments, utilities and any other charges relating to the Properties which are due and payable on or prior to the Closing Date shall be paid by Seller at or prior to Closing, and all other taxes and assessments shall be paid by Lessee in accordance with the terms of the Lease.

Section 1.06. Transaction Costs. Subject to Section 6.02(a) below, whether or not the Transaction closes, (a) Purchaser shall pay up to \$100,000 (the "Purchaser Cap") towards all Transaction Costs incurred by Seller and Purchaser in connection with the Transaction, (b) Seller shall be responsible for the payment of all Transaction Costs in excess of the Purchaser Cap, and (c) Seller and Purchaser shall each be responsible for the payment of the fees and expenses of their respective legal counsel, accountants and other professional advisers ("Professional Fees").

The provisions of this Section shall survive Closing or termination of this Agreement for any reason.

ARTICLE II

DUE DILIGENCE

Section 2.01. Title Insurance.

(a) Title Commitments and Title Policies. Purchaser shall order owner's title insurance commitments (collectively, the "Title Commitments") with respect to the Properties issued by the Title Company, for ALTA Owner's Extended Coverage Title Insurance Policies, together with any endorsements, that Purchaser may reasonably require, (ii) ALTA Mortgagee's Extended Coverage Title Insurance Policies with respect to Purchaser's financing of the acquisition of the Properties, and (iii) ALTA Mortgagee's Extended Coverage Title Insurance Policies with respect to the Mortgage Loan, each together with any endorsements, that Purchaser or its lender may require (collectively, the "Title Policies"). Purchaser shall cause copies of the Title Commitments to be delivered to Seller. All costs related to the Title Policies, escrow fees and other closing costs shall be included in Transaction Costs, payable as set forth in Section 1.06.

(b) Title Company. The Title Company is hereby employed by the parties to act as escrow agent in connection with this Transaction. This Agreement shall be used as instructions to the Title Company, as escrow agent, which may provide its standard conditions of acceptance of escrow; *provided, however*, that in the event of any inconsistency between such standard conditions of acceptance and the terms of this Agreement, the terms of this Agreement shall prevail. The Title Company's receipt of this Agreement and the opening of an escrow pursuant to this Agreement shall be deemed to constitute conclusive evidence of the Title Company's agreement to be bound by the terms and conditions of this Agreement pertaining to the Title Company.

(c) Title Company Actions. The Title Company is authorized to pay, from any funds held by it for each party's respective credit, all amounts necessary to procure the delivery of any documents and to pay, on behalf of Purchaser and Seller, all charges and obligations payable by them hereunder, respectively. Seller and Purchaser will pay all charges payable by them to the Title Company. The Title Company shall not cause the Transaction to close unless and until it has received written instructions from Purchaser and Seller to do so. The Title Company is authorized, in the event any conflicting demand is made upon it concerning these instructions or the escrow, at its election, to hold any documents and/or funds deposited hereunder until an action shall be brought in a court of competent jurisdiction to determine the rights of Seller and Purchaser or to interplead such documents and/or funds in an action brought in any such court. Deposit by the Title Company of such documents and funds, after deducting therefrom its reasonable charges, expenses and attorneys' fees incurred in connection with any such court action, shall relieve the Title Company of all further liability and responsibility for such documents and funds.

(d) Title Objections.

(i) Within seven (7) days after the Purchaser's receipt of both a Title Commitment *and* the related Survey for each Property, Purchaser shall notify Seller in writing of Purchaser's objection to any exceptions or other title matters shown on any Title Commitment or the related Survey (each, a "Title Objection"). If any Title Objection is not removed or resolved by Seller to Purchaser's satisfaction at least five (5) days prior to the Closing Date, then Purchaser shall have the option, as its sole remedy, upon written notice to Seller on or before the Closing Date, to (A) terminate this Agreement, in which event neither party will have any further obligations or liability hereunder, except for those obligations expressly stated to survive such termination; or (B) remove the applicable Property or Properties from the Properties to be conveyed hereunder, with an appropriate adjustment to the Purchase Price, and proceed to close with respect to the remaining Properties.

(ii) If any supplement to a Title Commitment or the related Survey discloses any additional title defects which were not created by or with the consent of Purchaser, and which are not acceptable to Purchaser, Purchaser shall notify Seller in writing of its objection thereto (each, an "Additional Title Objection") within five (5) days following receipt of such supplement or revision. If any Additional Title Objection is not removed or resolved by Seller to Purchaser's satisfaction at least five (5) days prior to the Closing Date, then Purchaser shall have the option, as its sole remedy, to (A) terminate this Agreement upon written notice to Seller on or before the Closing Date, in which event neither party will have any further obligations or liability hereunder, except for those obligations expressly stated to survive such termination; or (B) remove the applicable Property or Properties from the Properties to be conveyed hereunder, with an appropriate adjustment to the Purchase Price, and proceed to close with respect to the remaining Properties.

(iii) Purchaser's failure to timely deliver a Title Objection or an Additional Title Objection shall be deemed Purchaser's acceptance of the matters disclosed by the Title Commitments and the related Surveys. If Purchaser does not terminate this Agreement by reason of any Title Objection or Additional Title Objection, as provided in this Section 2.01, then such Title Objection or Additional Title Objection shall be deemed waived and approved by Purchaser and shall thereafter be deemed a Permitted Encumbrance.

Section 2.02. Seller Documents. With reasonable promptness, but in no event later than three (3) Business Days following the Effective Date, Seller shall deliver to Purchaser the following items to the extent the same exist and are in Seller's possession or under its control (collectively, the "Seller Documents"): (a) "as-built" plans and specifications for each of the Properties and/or the Improvements; (b) a certificate of occupancy (or its jurisdictional equivalent) for each of the Properties and/or the Improvements; (c) all surveys related to the Properties and/or the Improvements; (d) all environmental reports related to the Properties and/or the Improvements (including without limitation, Phase I and Phase II environmental investigation reports); (e) all appraisals or valuations related to the Properties and/or the Improvements; (f) all guaranties and warranties in effect with respect to all or any portion of the Properties and/or the Improvements; (g) full and complete copies of any existing leases and current rent rolls related thereto and all other agreements related to the Properties and/or the Improvements, together with all amendments and modifications thereof; (h) financial statements of the Seller Entities and unit-level financial statements for the previous three years; (i) all property condition reports related to the Properties and/or the Improvements; and (j) all other documents related to the ownership, lease and operation of the Properties and/or the Improvements, and reasonably requested by Purchaser.

Section 2.03. Survey. Purchaser shall order a current ALTA/ACSM "as built" survey as required for each Property from one or more surveyors selected by Purchaser (collectively, the "Surveys"), together with (a) evidence reasonably satisfactory to Purchaser that each Property and/or the related Improvements fully comply with all zoning ordinances of the Governmental Authority having jurisdiction over each Property ("Zoning Evidence"), and (b) evidence reasonably satisfactory to Purchaser that none of the Properties is within a 100-year flood plain or a "Special Flood Hazard Area" as designated by the Federal Emergency Management Agency. The Surveys shall show the Improvements and shall plot all exceptions shown on the applicable Title Commitment (to the extent plottable), certified in favor of Purchaser, any requested Affiliate of Purchaser, Lender and Title Company in a manner reasonably acceptable to Purchaser and prepared in accordance with the appropriate "ALTA/ACSM" minimum standards. The cost of the Surveys shall be included in Transaction Costs, payable as set forth in Section 1.06.

Section 2.04. Environmental. Purchaser shall order a current complete Phase I environmental investigation report for each of the Properties, and if any environmental investigation report recommends additional subsurface investigation of any Property, Seller shall permit Purchaser to perform such additional subsurface investigation (each Phase I environmental investigation report and each additional subsurface investigation report, an "Environmental Report"), from an environmental inspection company selected by Purchaser, detailing and analyzing certain aspects of any such Property; *provided, however,* that, notwithstanding the foregoing, if Seller fails or refuses to permit any such additional subsurface investigation or is unwilling to obtain environmental insurance providing coverage acceptable to Purchaser in its sole discretion, Seller shall be deemed to have elected to terminate this Agreement, in which event neither party will have any further obligations or liability hereunder, except for those obligations expressly stated to survive such termination. The cost of the Environmental Reports shall be included in Transaction Costs, payable as set forth in Section 1.06.

Section 2.05. Valuation. Purchaser shall order current site inspections and valuations of the Properties, separately stating values for the Property and the Improvements for each of the Properties, from one or more parties selected by Purchaser (each a "Valuation", and collectively, the "Valuations"). Each Valuation shall be in form and substance acceptable to Purchaser, and shall be certified to Purchaser and any requested Affiliate of Purchaser. The cost of the Valuations shall be included in Transaction Costs, payable as set forth in Section 1.06.

Section 2.06. Property Condition Reports. Purchaser shall order current property condition assessments and limited compliance audits as required for the Properties and the Improvements from one or more inspection companies selected by Purchaser (collectively, the "Property Condition Reports"). Each Property Condition Report shall be in form and substance acceptable to Purchaser, and shall be certified to Purchaser and any requested Affiliate of Purchaser. The cost of the Property Condition Reports shall be included in Transaction Costs, payable as set forth in Section 1.06.

Section 2.07. Inspections. From the Effective Date and for a period of thirty (30) days thereafter (the "Inspection Period"), (a) Purchaser may perform whatever investigations, tests and inspections (collectively, the "Inspections") with respect to any one or more of the Properties and the Improvements that Purchaser deems reasonably appropriate; and (b) Seller shall, at all reasonable times, (i) provide Purchaser and Purchaser's officers, employees, agents, advisors, attorneys, accountants, architects, and engineers with access to the Properties and the Improvements, all drawings, plans, specifications and all engineering reports for and relating to the Properties and the Improvements in the possession or under the control of Seller, the files and correspondence relating to the Properties and the Improvements, and the financial books and records relating to the ownership, lease (if applicable), operation, and maintenance of the Properties and the Improvements, and (ii) allow such Persons to make such inspections, tests, copies, and verifications as Purchaser considers necessary.

Section 2.08. Purchaser's Right to Terminate. Notwithstanding any provision contained herein, in addition to its right to terminate this Agreement as set forth in Section 2.01(d), if (a) Purchaser determines, in its sole discretion, that any Property is not satisfactory, and Purchaser provides written notice thereof to Seller on or before expiration of the Inspection Period, or (b) Purchaser and Lessee are unable to agree upon the terms and conditions of the Lease or the Loan Documents, or (c) Purchaser fails to obtain the approval of any material change to the terms of the Transaction from Purchaser's Investment Committee prior to Closing, then Purchaser shall have the option to (i) terminate this Agreement, in which event neither party will have any further obligations or liability hereunder, except for those obligations expressly stated to survive such termination, or (ii) remove the applicable Property or Properties from the Properties to be conveyed hereunder, with an appropriate adjustment to the Purchase Price, and proceed to close with respect to the remaining Properties.

ARTICLE III

CLOSING

Section 3.01. Closing Date. Subject to the provisions of Article V of this Agreement, the closing date of the Transaction contemplated by this Agreement (the "Closing") shall be set by mutual agreement of Seller and Purchaser (the "Closing Date"); *provided, however,* that the Closing Date shall not extend beyond the Closing Deadline. The parties shall deposit with the Title Company all documents (including without limitation, the executed Transaction Documents) as necessary to comply with the parties' respective obligations hereunder on or before the Closing Date or as otherwise mutually agreed upon by the parties. The parties shall deposit all funds required hereunder with the Title Company on or before the Closing Date.

Section 3.02. Funding. Notwithstanding any provision contained in this Agreement, funding of the Transaction by Purchaser shall be contingent upon the delivery of the executed Transaction Documents, satisfaction of the conditions precedent set forth herein and in the other Transaction Documents, and confirmation by Purchaser's counsel that it or the Title Company has possession of all Transaction Documents required by Purchaser.

Section 3.03. Possession. Possession of the Properties, free and clear of all tenants or other parties in possession, except in accordance with the Lease and the Property and Improvements Lease, shall be delivered to Purchaser on the Closing Date.

ARTICLE IV

REPRESENTATIONS WARRANTIES AND COVENANTS

Section 4.01. Seller. Seller represents and warrants to, and covenants with, Purchaser as follows:

(a) Organization and Authority. Seller is duly organized or formed, validly existing and in good standing under the laws of its state of incorporation, and is qualified as a foreign corporation to do business in any jurisdiction where such qualification is required. Seller has all requisite corporate power and authority to own and operate the Properties and the Improvements, to execute, deliver and perform its obligations under this Agreement and all of the other Transaction Documents, and to carry out the Transaction. The Person who has executed this Agreement on behalf of Seller has been duly authorized to do so.

(b) Enforceability of Documents. Upon execution by Seller, this Agreement and the other Transaction Documents to which it is a party, shall constitute the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, or other similar laws relating to or affecting the rights of creditors generally, or by general equitable principles.

(c) No Other Agreements and Options. None of the Seller Entities or any Property is subject to any commitment, obligation, or agreement, including, without limitation, any right of first refusal, option to purchase or lease granted to a third party, which could or would (i) prevent Seller from completing, or impair Seller's ability to complete, the sale of the Properties under this Agreement or the subsequent lease of the Properties pursuant to the Lease, or (ii) bind Purchaser subsequent to consummation of the Transaction. Except as otherwise disclosed by Seller in writing to Purchaser, there is no lease in place, nor has there been any lease in place within the last twelve (12) months of the Effective Date, related to all or any part of any Property, even if any such lease will be terminated upon Closing.

(d) No Violations. The authorization, execution, delivery and performance of this Agreement and the other Transaction Documents will not (i) violate any provisions of the articles of incorporation or other charter documents of Seller, (ii) result in a violation of or a conflict with, or constitute a default (or an event which, with or without due notice or lapse of time, or both, would constitute a default) under any other document, instrument or agreement to which Seller is a party or by which Seller, the Properties or any of the property of Seller are subject or bound, (iii) result in the creation or imposition of any Lien, restriction, charge or limitation of any kind, upon Seller or the Properties or the Improvements, or (iv) violate any law, statute, regulation, rule, ordinance, code, rule or order of any court or Governmental Authority applicable to Seller or the Properties.

(e) Compliance. Seller's, Lessee's and Sublessee's use and occupation of the Properties and the Improvements, and the condition thereof, comply with (i) all applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders and approvals of each Governmental Authority having jurisdiction over the Properties, including, without limitation, all health, building, fire, safety and other codes, ordinances and requirements, the Americans With Disabilities Act of 1990, and all policies or rules of common law, in each case, as amended, and any judicial or administrative interpretation thereof, including any judicial order, consent, decree or judgment applicable to the Properties or the Seller Entities (collectively, the "Legal Requirements"), (ii) all restrictions, covenants and encumbrances of record with respect to the Properties, and (iii) all agreements, contracts, insurance policies (including, without limitation, to the extent necessary to prevent cancellation thereof and to insure full payment of any claims made under such policies), agreements and conditions applicable to the Properties or the ownership, operation, use or possession thereof. No Seller Entity has received any notification that it or any Property is in violation of any of the foregoing, including without limitation, the Legal Requirements.

(f) Compliance with Anti-Terrorism, Embargo, Sanctions and Anti-Money Laundering Laws. Without in any way limiting the provisions of Section 4.01(e), Seller, and to the best of Seller's knowledge, each of the Seller Entities is not currently identified on the OFAC List, and is not a Person with whom a citizen of the United States is prohibited from engaging in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or executive order of the President of the United States.

(g) Litigation. There is no legal, administrative, arbitration or other proceeding, claim or action of any nature or investigation pending or involving or, to the best of Seller's knowledge, threatened against, Seller, the Seller Entities or any of the Properties before any Governmental Authority, except as has been disclosed in writing by Seller, which in any way adversely affects or may adversely affect any of the Properties, the business performed and to be performed on the Properties, the condition, worth or operations of any of the Seller Entities, or the ability of any of the Seller Entities to perform under this Agreement or any other Transaction Documents, or which questions or challenges any of the Seller's Entities' participation in the Transaction contemplated by this Agreement or any other Transaction Document.

(h) No Mechanics' Liens. There are no mechanics' liens, or rights to claim a mechanics' lien in favor of any materialman, laborer, or any other Person in connection with labor or materials furnished to or performed on any portion of the Properties, which will not have been fully paid for on or before the Closing Date or, to Seller's knowledge, which might provide the basis for the filing of such liens against the Properties or any portion thereof. No work has been performed or is in progress nor have materials been supplied to the Properties or agreements entered into for work to be performed or materials to be supplied to any of the Properties prior to the date hereof, which might provide the basis for the filing of such liens against the Properties or any portion thereof. Seller shall be responsible for any and all claims for mechanics' liens and accounts payable that have arisen or may subsequently arise due to agreements entered into for and/or any work performed on, or materials supplied to any of the Properties prior and subsequent to the Closing Date, and Seller shall and does hereby agree to defend, indemnify and forever hold Purchaser and Purchaser's designees harmless from and against any and all such mechanics' lien claims, accounts payable or other commitments relating to the Properties.

(i) Condemnation. No condemnation or eminent domain proceedings affecting any Property have been commenced or, to the best of Seller's knowledge, are contemplated.

(j) Licenses and Permits. Seller possesses, and upon Closing, Lessee and Sublessee will possess, all required licenses, permits and other authorizations, both governmental and private, presently required by applicable provisions of law, including statutes, regulations and existing judicial decisions, and by the property and contract rights of third persons, necessary to permit the operation of the business in the manner in which it presently is conducted at the Properties.

(k) Intellectual Property. Seller possesses, and upon Closing, Lessee and Sublessee will possess and have the right to use all intellectual property, licenses and other rights as are material and necessary for the conduct of business at the Properties.

(l) Environmental.

(i) The Properties are not in violation of any Hazardous Materials Laws and there is no past or present non-compliance with Hazardous Materials Laws, or with permits issued pursuant thereto, in connection with the Properties.

(ii) No Seller Entity has received any written or oral notice or other communication from any Person (including but not limited to a Governmental Authority) relating to Hazardous Materials or USTs, or remediation thereof, of possible liability of any Person (including without limitation, Lessee and Sublessee) pursuant to any Hazardous Materials Law, other environmental conditions in connection with the Properties, or any actual or potential administrative or judicial proceedings in connection with any of the foregoing.

(m) Financial Statements. The financial statements concerning the Seller Entities delivered by or on behalf of Seller to Purchaser are true, correct and complete in all respects, and no adverse change has occurred with respect to such financial statements, since the date such financial statements were prepared or delivered to Purchaser. Seller understands that Purchaser is relying upon such financial statements and Seller represents that such reliance is reasonable. All such financial statements were prepared in accordance with generally accepted accounting principles consistently applied and accurately reflect, as of the date of this Agreement and the Closing Date, the financial condition of each individual or entity to which they pertain.

(n) Solvency. There is no contemplated, pending or threatened Insolvency Event or similar proceedings, whether voluntary or involuntary, affecting the Seller Entities, or to Seller's knowledge, any of their respective members, partners, shareholders, or Affiliates.

(o) Satisfaction of Conditions Precedent. From the Effective Date through the Closing Date, Seller shall use its best efforts to satisfy all conditions set forth in Section 5.01 of this Agreement on or prior to the Closing Date.

(p) No Bankruptcy Petition. Seller hereby agrees that it shall not institute against, or join any other Person in instituting against, Purchaser, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or any other proceeding under any federal or state bankruptcy or similar law. The provisions of this Section shall survive the Closing or termination of this Agreement. Notwithstanding the foregoing, the provisions of this Section shall in no way limit any other rights Seller may have with respect to this Agreement, either at law or in equity.

(q) State Bulk Sales Statutes. Seller represents and warrants to Purchaser that no bulk sales statutes promulgated by any Governmental Authority ("Bulk Sales Statutes") apply as a result of the sale of any of the Properties. Seller agrees to indemnify, defend and hold Purchaser harmless from and against any and all losses, costs, damages, expenses (including without limitation, court costs and reasonable attorney's fees) and liabilities which may be sustained or incurred by Purchaser, and/or any and all claims, demands, suits, proceedings and causes of action which may be brought or raised against Seller or Purchaser, as a result of or arising from (i) any claim that Purchaser has any liability or obligations under the Bulk Sales Statutes (including without limitation, any tax obligations or liabilities (or interest or penalties connected therewith) of Seller) by reason of the transactions provided for herein; or (ii) the failure of Purchaser to withhold any of Seller's unpaid tax obligations, liabilities, interest or penalties thereon from the Purchase Price or otherwise as required under any Bulk Sales Statutes; provided, however, that Seller shall not be liable for and have no indemnification obligations to Purchaser hereunder for any taxes that are the obligation of Lessee pursuant to the Lease.

All representations and warranties of Seller made in this Agreement shall be true as of the date of this Agreement, shall be deemed to have been made again at and as of the Closing Date, shall be true at and as of the Closing Date, and, together with the covenants made by Seller herein, shall survive Closing.

Section 4.02. Purchaser. Purchaser represents and warrants to, and covenants with, Seller as follows:

(a) Organization and Authority. Purchaser is duly organized, validly existing and in good standing under the laws of its state of formation. Purchaser has all requisite power and authority to execute, deliver and perform its obligations under this Agreement and all of the other Transaction Documents to which it is a party and to carry out the Transaction. The Person who has executed this Agreement on behalf of Purchaser has been duly authorized to do so.

(b) Enforceability of Documents. Upon execution by Purchaser, this Agreement and the other Transaction Documents to which it is a party, shall constitute the legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, or other similar laws relating to or affecting the rights of creditors generally, or by general equitable principles.

(c) Litigation. There are no actions or proceedings pending against or involving Purchaser before any Governmental Authority which in any way adversely affect or may adversely affect Purchaser or Purchaser's ability to perform under this Agreement and the other Transaction Documents to which it is a party.

(d) Satisfaction of Conditions Precedent. From the Effective Date through the Closing Date, Purchaser agrees to use its best efforts to satisfy all conditions set forth in Section 5.02 of this Agreement on or prior to the Closing Date.

All representations and warranties of Purchaser made in this Agreement shall be true as of the date of this Agreement, shall be deemed to have been made again at and as of the Closing Date, shall be true at and as of the Closing Date, and, together with the covenants made by Purchaser herein, shall survive Closing.

ARTICLE V

CONDITIONS PRECEDENT TO CLOSING

Section 5.01. Purchaser's Conditions to Closing. Purchaser shall not be obligated to close and fund the Transaction until the fulfillment (or written waiver by Purchaser) of all of the following conditions:

(a) Seller, Lessee, Sublessee, and Guarantor, as appropriate, shall have delivered to Purchaser or the Title Company, as applicable, the following items:

(i) The Deeds;

(ii) Such documents evidencing the legal status and good standing of Seller, Lessee, Sublessee and Guarantor that may be required by Purchaser and/or the Title Company for issuance of the Title Policies, including, without limitation, certificates of good standing;

(iii) Fully executed originals of (A) the Lease, together with fully executed originals of memoranda thereof for all of the Properties (collectively, the "Memoranda of Lease"), (B) the Loan Documents and (C) all of the other Transaction Documents;

(iv) Certificates evidencing the insurance coverage, limits and policies to be carried by Lessee under and pursuant to the terms of the Lease, on the forms and containing the information required by Purchaser, as landlord ("Lease Proof of Insurance");

(v) A certificate of an officer, manager or general partner, as applicable, of each of Seller, Lessee, Sublessee, and Guarantor, together with copies of each entity's (A) articles of organization or certificate of formation, as applicable, amended to date; (B) operating agreement, bylaws or partnership agreement, as applicable, amended to date; (C) resolutions authorizing the Transaction and the execution of this Agreement and the other Transaction Documents, and identifying the Person(s) authorized to execute this Agreement and the other Transaction Documents; and (D) original certificates of good standing or similar documents from the states in which each entity was organized or formed, and original certificates of qualification or similar documents from the state or states where the Properties are located;

(vi) An Opinion of Counsel, addressed to Purchaser and Purchaser's financial institution, if any;

(vii) A duly executed affidavit from Seller stating that Seller is not a "foreign person" as defined in the Federal Foreign Investment in Real Property Tax Act of 1980 and 1984 Tax Reform Act, in the form attached hereto as Exhibit C ("Non-Foreign Seller Certificate");

(viii) Closing settlement statements approved by Seller and Purchaser to reflect the credits, prorations, and adjustments contemplated by or specifically provided for in this Agreement;

(ix) To the extent not previously provided, the most recent financial statements available for the Seller Entities; and

(x) All documents required to be delivered by this Agreement and the other Transaction Documents and as may otherwise be required in order to fully and legally close this Transaction.

(b) The Mortgage Loan shall close simultaneously with the Transaction contemplated under this Agreement.

(c) Purchaser shall have received the Title Commitments and the Title Company's irrevocable commitment to insure title by means of the Title Policies.

(d) Purchaser's lender, if any, shall have received from the Title Company an irrevocable commitment to issue the lender's Title Policies which shall (i) insure title by means of an ALTA extended coverage policy of title insurance, (ii) show good and marketable title in Seller, (iii) commit to separately insure lender's interest in the Properties and the Improvements subject only to Permitted Encumbrances, and (iv) contain such endorsements as such lender may require.

(e) Purchaser shall have determined, in its sole discretion, that no conditions exist regarding the financial markets that could reasonably be expected to cause the rents and any other payments due under the Lease to become delinquent or to adversely affect the value or marketability of the Transaction or the Properties. There shall have been no adverse change in the financial condition of Seller, Lessee, Sublessee, Guarantor or the Properties from the Effective Date.

(f) All representations and warranties of Seller set forth herein shall have been true and correct in all respects when made, and all covenants, agreements and conditions required to be performed or complied with by Seller prior to or at the time of Closing in connection with the Transaction shall have been duly performed or complied with by Seller prior to or at such time or waived in writing by Purchaser.

(g) No event shall have occurred or condition shall exist which would, upon the Closing Date, or, upon the giving of notice and/or passage of time, constitute a breach or default hereunder or under any other Transaction Document, or any other agreements between or among Purchaser, Seller, Lessee, Sublessee or Guarantor.

(h) Seller and Lessee shall have caused all leases and, unless otherwise agreed to in writing by Purchaser, all subleases of any or all of the Properties and any other documents affecting the Properties existing at Closing, at Purchaser's sole option, to be cancelled as of the Closing Date or subordinated to the Lease pursuant to subordination agreements in form and substance satisfactory to Purchaser.

Upon the fulfillment or Purchaser's written waiver of all of the above conditions, Purchaser shall deposit funds necessary to close this Transaction with the Title Company and this Transaction shall close in accordance with the terms and conditions of this Agreement. Unless otherwise agreed, all of the documents to be delivered at Closing shall be dated as of the Closing Date.

Section 5.02. Seller's Conditions Precedent to Closing. Seller shall not be obligated to close the Transaction until the fulfillment (or written waiver by Seller) of all of the following conditions:

(a) Purchaser shall have delivered to the Title Company the Purchase Price, as adjusted pursuant to the requirements of this Agreement;

(b) Purchaser shall have caused to be executed and delivered to the appropriate Persons fully executed originals of all Transaction Documents, II of the other Transaction Documents;

(c) Purchaser and Seller shall have approved the Title Company settlement statements that reflect the credits, prorations, and adjustments contemplated by or specifically provided for in this Agreement;

(d) Purchaser shall have delivered to Seller and/or the Title Company such other documents as may reasonably be required in order to fully and legally close this Transaction; and

(e) All covenants, agreements and conditions required to be performed or complied with by Purchaser prior to or at the time of Closing in connection with the Transaction shall have been duly performed or complied with by Purchaser or waived in writing by Seller prior to or at such time.

(f) The Mortgage Loan shall close simultaneously with the Transaction contemplated under this Agreement.

ARTICLE VI

DEFAULTS; REMEDIES

Section 6.01. Default. Each of the following shall be deemed an event of default (each, an "Event of Default"):

(a) If any representation or warranty of Seller or Purchaser set forth in this Agreement or any other Transaction Document is false in any material respect or if Seller renders any materially false statement;

(b) If Seller or Purchaser fails to perform any of its obligations under this Agreement; or

(c) If any Insolvency Event shall occur with respect to any Seller Entity or Purchaser.

Section 6.02. Remedies. Upon any Event of Default, the non-defaulting party shall be entitled to exercise, at its option and as its sole and exclusive remedy, one of the following remedies:

(a) The non-defaulting party may terminate this Agreement by giving written notice to the defaulting party and recover from the defaulting party all reasonable and verified out-of-pocket costs and expenses incurred by the non-defaulting party hereunder (including without limitation, the Transaction Costs, any other due diligence costs, and the reasonable and verified fees and costs of legal counsel or other advisors), in which event neither party will have any further obligations or liability hereunder, except for those obligations expressly stated to survive such termination; or

(b) The non-defaulting party may waive the Event of Default and proceed with the Closing.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Transaction Characterization.

(a) The parties intend that (I) all components of the Transaction shall be considered a single integrated transaction and shall not be severable; and (ii) the Lease shall constitute a single master lease of all, but not less than all, of the Properties, and is a unitary, unseverable instrument pertaining to all, but not less than all, of the Properties, and none of the Lease or Lessee's rights, obligations or duties may be divided or otherwise allocated by Lessee among the Properties.

(b) The parties intend that the conveyance of the Properties to Purchaser be an absolute conveyance in effect as well as form, and that the instruments of conveyance to be delivered at Closing shall not serve or operate as a mortgage, equitable mortgage, deed of trust, security agreement, trust conveyance or financing or trust arrangement of any kind, nor as a preference or fraudulent conveyance against any creditors of Seller. After the execution and delivery of the Deeds, Seller will have no legal or equitable interest or any other claim or interest in the Properties, other than the interest, if any, set forth in the Lease. The parties also intend for the Lease to be a true lease and not a transaction creating a financing lease, capital lease, equitable mortgage, mortgage, deed of trust, security interest or other financing arrangement, and the economic realities of the Lease are those of a true lease. Notwithstanding the existence of the Lease, neither party shall contest the validity, enforceability or characterization of the sale and purchase of the Properties by Purchaser pursuant to this Agreement as an absolute conveyance, and both parties shall support the intent expressed herein that the purchase of the Properties by Purchaser pursuant to this Agreement provides for an absolute conveyance and does not create a joint venture, partnership, equitable mortgage, trust, financing device or arrangement, security interest or the like, if, and to the extent that, any challenge occurs.

(c) Each of the parties hereto agrees that it will not, nor will it permit any Affiliate to, at any time, take any action or fail to take any action with respect to the preparation or filing of any statement or disclosure to Governmental Authority, including without limitation, any income tax return (including an amended income tax return), to the extent that such action or such failure to take action would be inconsistent with the intention of the parties expressed in this Section 7.01.

Section 7.02. Risk of Loss.

(a) **Condemnation.** If, prior to Closing, action is initiated to take any of the Properties, or any portion thereof, by eminent domain proceedings or by deed in lieu thereof, Purchaser may elect at or prior to Closing, to (i) terminate this Agreement, in which event neither party will have any further obligations or liability hereunder, except for those obligations expressly stated to survive such termination, (ii) remove the applicable Property or Properties from the Properties to be conveyed hereunder, with an appropriate adjustment to the Purchase Price, and proceed to close with respect to the remaining Properties, or (iii) proceed to close, in which event all of Seller's assignable right, title and interest in and to the award of the condemning authority shall be assigned to Purchaser at the Closing and there shall be no reduction in the Purchase Price.

(b) *Casualty*. Seller assumes all risks and liability for damage to or injury occurring to any of the Properties by fire, storm, accident, or any other casualty or cause until the Closing has been consummated. If any of the Properties, or any part thereof, suffers any damage prior to the Closing from fire or other casualty, which Seller, at its sole option, does not elect to fully repair, Purchaser may elect at or prior to Closing, to (i) terminate this Agreement, in which event neither party will have any further obligations or liability hereunder, except for those obligations expressly stated to survive such termination, (ii) remove the applicable Property or Properties from the Properties to be conveyed hereunder, with an appropriate adjustment to the Purchase Price, and proceed to close with respect to the remaining Properties, or (iii) consummate the Closing, in which event all of Seller's right, title and interest in and to the proceeds of any insurance covering such damage (less an amount equal to any expense and costs reasonably incurred by Seller to repair or restore the Properties, which shall be payable to Seller upon Seller's delivery to Purchaser of satisfactory evidence thereof), to the extent that the amount of such insurance does not exceed the Purchase Price, shall be assigned to Purchaser at Closing, and Purchaser shall be entitled to a credit in the amount of Seller's deductible at Closing.

(c) *Maintenance of the Properties and Insurance*. From the Effective Date until Closing, Seller shall continue to maintain the Properties or cause the Properties to be maintained in good condition and repair, and shall continue to maintain or cause to be maintained all insurance for the Properties in the same or greater amounts, with the same or greater coverage, and subject to the same or lower deductibles as in existence as of the Effective Date.

Section 7.03. Notices. All notices, demands, designations, certificates, requests, offers, consents, approvals, appointments and other instruments given pursuant to this Agreement (collectively called "Notices") shall be in writing and given by (a) hand delivery, (b) express overnight delivery service, (c) email transmission, or (d) certified or registered mail, return receipt requested, and shall be deemed to have been delivered upon (i) receipt, if hand delivered, (ii) the next Business Day, if delivered by a reputable express overnight delivery service, (iii) receipt of confirmation of email, if delivered by email, or (iv) the third Business Day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested. Notices shall be provided to the parties and addresses (or email addresses, as applicable) specified below:

If to Seller:

Marquis Industries, Inc.
2743 Highway 76
Chatsworth, Georgia 30705
Attention: Tim Bailey
Email: tbailevmarouisind.com

If to Purchaser:

STORE Capital Acquisitions, LLC
8501 E. Princess Drive, Suite 190
Scottsdale, AZ 85255
Attention: Michael T. Bennett
Executive Vice President — General Counsel
Email: mbennett@storecapital.com

With a copy to:

Kutak Rock LLP
1801 California Street, Suite 3000
Denver, CO 80202
Attention: Kelly Reynoldson, Esq.
Email: kelly.reynoldson@kutakrock.com

or to such other address or such other Person as either party may from time to time hereafter specify to the other party in a notice delivered in the manner provided above. Whenever in this Agreement the giving of Notice is required, the giving thereof may be waived in writing at any time by the Person or Persons entitled to receive such Notice.

A copy of any Notice delivered pursuant to this Section shall also contemporaneously be delivered in the manner herein specified to any mortgagee or assignee of Purchaser's interest which shall have duly notified Seller in writing of its name and address.

Section 7.04. Assignment. Purchaser may assign its rights under this Agreement in whole or in part at any time to an Affiliate of Purchaser. Upon any unconditional assignment of Purchaser's entire right and interest hereunder to an Affiliate of Purchaser, Purchaser shall automatically be relieved, from and after the date of such assignment, of liability for the performance of any obligation of Purchaser contained herein. Seller shall not, without the prior written consent of Purchaser, which consent may be withheld in Purchaser's sole discretion, sell, assign, transfer, mortgage, convey, encumber or grant any easements or other rights or interests of any kind in the Properties, any of Seller's rights under this Agreement or any interest in Seller, whether voluntarily, involuntarily or by operation of law or otherwise, including, without limitation, by merger, consolidation, dissolution or otherwise.

Section 7.05. Indemnity.

(a) Seller shall indemnify, defend and hold harmless Purchaser and its Affiliates, and their respective officers, directors, shareholders, managers, members, employees, representatives, successors and assigns, as applicable (collectively, the "Indemnified Parties"), from and against any and all Losses of any nature arising from or connected with (i) breach of any of the representations, warranties, covenants, agreements or obligations of Seller set forth in this Agreement, and (ii) the ownership and operation of the Properties prior to the Closing Date. Without limiting the generality of the foregoing, such indemnity shall include, without limitation, any Losses incurred with respect to any engineering, governmental inspection and attorneys' fees and expenses that the Indemnified Parties may incur by reason of any environmental condition and/or any representation or warranty set forth in Section 4.01(n) being false, or by reason of any investigation or claim of any Governmental Authority in connection therewith. The obligations under this Section 7.05(a) shall survive Closing.

(b) Purchaser shall indemnify, defend and hold harmless Seller from and against any and all Losses of any nature arising from or connected with (i) breach of any of the representations, warranties, covenants, agreements or obligations of Purchaser set forth in this Agreement, and (ii) the Inspections. The obligations under this Section 7.05(b) shall survive Closing.

Section 7.06. Brokerage Commission. Each of the parties represents and warrants to the other that neither party has dealt with, negotiated through or communicated with any broker in connection with this Transaction, except for Marcus & Millichap whose commission shall be paid by Seller pursuant to a separate agreement between Seller and such broker. Each party shall indemnify, defend and hold harmless the other party from and against any and all claims, loss, costs and expenses, including reasonable attorneys' fees, resulting from any claims that may be made against the indemnified party by any broker claiming a commission or fee by, through or under such indemnifying party. The parties' respective obligations under this Section 7.06 shall survive Closing or termination of this Agreement.

Section 7.07. Reporting Requirements. The parties agree to comply with any and all reporting requirements applicable to the Transaction which are set forth in any law, statute, ordinance, rule, regulation, order or determination of any Governmental Authority, and further agree upon request, to furnish the other party with evidence of such compliance.

Section 7.08. Disclosures. Except as expressly set forth in Sections 7.07 and 7.16 and this Section 7.08 and as required by law or judicial action, prior to Closing neither Seller nor Purchaser will make any public disclosure of this Agreement or the other Transaction Documents, the Transaction or the provisions of the Transaction Documents without the prior consent of the other party hereto. The parties further agree that, notwithstanding any provision contained in this Agreement, any party (and each employee, representative or other agent of any party) may disclose to any and all Persons, without limitation of any kind, any matter required under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

Section 7.09. Time is of the Essence. The parties hereto expressly agree that time is of the essence with respect to this Agreement.

Section 7.10. Non-Business Days. If the Closing Date or the date for delivery of a notice or performance of some other obligation of a party falls on a Saturday, Sunday or legal holiday in the state in which any Property is located, then the Closing Date or such notice or performance shall be postponed until the next Business Day.

Section 7.11. Waiver and Amendment. No provision of this Agreement shall be deemed waived or amended except by a written instrument unambiguously setting forth the matter waived or amended and signed by the party against which enforcement of such waiver or amendment is sought. Waiver of any matter shall not be deemed a waiver of the same or any other matter on any future occasion.

Section 7.12. Limitation on Liability. Notwithstanding anything to the contrary provided in this Agreement, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Agreement and the Lease, that (a) there shall be absolutely no personal liability on the part of any director, officer, manager, member, employee or agent of either party with respect to any of the terms, covenants and conditions of this Agreement, (b) each party waives all claims, demands and causes of action against the other party's directors, officers, managers, members, employees and agents in the event of any breach by such other party of any of the terms, covenants and conditions of this Agreement, and (c) each party shall look solely to the assets of the other party for the satisfaction of each and every remedy in the event of any breach of any of the terms, covenants and conditions of this Agreement, such exculpation of liability to be absolute and without any exception whatsoever.

Section 7.13. Headings; Internal References. The headings of the various sections and exhibits of this Agreement have been inserted for reference only and shall not to any extent have the effect of modifying the express terms and provisions of this Agreement. Unless stated to the contrary, any references to any section, subsection, exhibit and the like contained herein are to the respective section, subsection, exhibit and the like of this Agreement.

Section 7.14. Construction Generally. This is an agreement between parties who are experienced in sophisticated and complex matters similar to the Transaction and the other Transaction Documents, is entered into by both parties in reliance upon the economic and legal bargains contained herein and therein, and shall be interpreted and construed in a fair and impartial manner without regard to such factors as the party which prepared the instrument, the relative bargaining powers of the parties or the domicile of any party. Seller and Purchaser were each represented by legal counsel competent in advising them of their obligations and liabilities hereunder.

Section 7.15. Further Assurances. Each of the parties agrees, whenever and as often as reasonably requested so to do by the other party or the Title Company, to execute, acknowledge, and deliver, or cause to be executed, acknowledged, or delivered, any and all such further conveyances, assignments, confirmations, satisfactions, releases, instruments, or other documents as may be necessary, expedient or proper, in order to complete any and all conveyances, transfers, sales and assignments herein provided and to do any and all other acts and to execute, acknowledge and deliver any and all documents as so requested in order to carry out the intent and purpose of this Agreement.

Section 7.16. Securitizations and Other Transactions. As a material inducement to Purchaser's willingness to complete the transactions contemplated by this Agreement and the other Transaction Documents, Seller hereby acknowledges and agrees that Purchaser may, from time to time and at any time, (a) advertise, issue press releases, send direct mail or otherwise disclose information regarding the Transaction for marketing purposes; and (b) engage in all or any combination of the following, or enter into agreements in connection with any of the following or in accordance with requirements that may be imposed by applicable securities, tax or other laws: (i) the sale, assignment, grant, conveyance, transfer, financing, refinancing, purchase or re-acquisition of any Property, the Lease or any other Transaction Document, Purchaser's right, title and interest in any Property, the Lease or any other Transaction Document, the servicing rights with respect to any of the foregoing, or participations in any of the foregoing, or (ii) a securitization and related transactions. Seller agrees to use all reasonable efforts and to cooperate fully with Purchaser with respect to all reasonable requests of Purchaser relating to the foregoing, which includes without limitation, with respect to the activities described in subsection (b), providing financial information, financial and other data, and other information and materials which would customarily be required by a purchaser, transferee, assignee, servicer, participant, investor or rating agency involved with respect to any of the foregoing. The provisions of this Section 7.16 shall survive the Closing.

Section 7.17. Attorneys' Fees. In the event of any controversy, claim, dispute or proceeding between the parties concerning this Agreement, the prevailing party shall be entitled to recover all of its reasonable attorneys' fees and other costs in addition to any other relief to which it may be entitled.

Section 7.18. Entire Agreement. This Agreement and all other Transaction Documents, and all other certificates, instruments or agreements to be delivered hereunder and thereunder constitute the entire agreement between the parties with respect to the subject matter hereof, and there are no other representations, warranties or agreements, written or oral, between Seller and Purchaser with respect to the subject matter of this Agreement. Notwithstanding anything in this Agreement to the contrary, upon the execution and delivery of this Agreement by Seller and Purchaser, (a) this Agreement shall supersede any previous discussions, letters of intent, agreements and/or term or commitment letters relating to the Transaction, including without limitation, the Letter of Intent and any and all agreements related to confidentiality, exclusivity, non-competition, non-solicitation of employees, non-solicitation or pursuit of any business opportunity represented by the Transaction, or any other term or condition which restricts any business activity of Purchaser or its affiliates, (b) the terms and conditions of this Agreement shall control notwithstanding that such terms are inconsistent with or vary from those set forth in any of the foregoing agreements, and (c) this Agreement may only be amended by a written agreement executed by Purchaser and Seller. The provisions of this Section shall survive the Closing.

Section 7.19. Forum Selection; Jurisdiction; Venue. For purposes of any action or proceeding arising out of this Agreement, the parties hereto expressly submit to the jurisdiction of all federal and state courts located in the State of Arizona. Seller consents that it may be served with any process or paper by registered mail or by personal service within or without the State of Arizona in accordance with applicable law. Furthermore, Seller waives and agrees not to assert in any such action, suit or proceeding that it is not personally subject to the jurisdiction of such courts, that the action, suit or proceeding is brought in an inconvenient forum or that venue of the action, suit or proceeding is improper. Nothing contained in this Section shall limit or restrict the right of Purchaser to commence any proceeding in the federal or state courts located in the state or states in which the Properties are located to the extent Purchaser deems such proceeding necessary or advisable to exercise remedies available under this Agreement.

Section 7.20. Separability; Binding Effect; Governing Law. Each provision hereof shall be separate and independent, and the breach of any provision by Purchaser shall not discharge or relieve Seller from any of its obligations hereunder. Each provision hereof shall be valid and shall be enforceable to the extent not prohibited by law. If any provision hereof or the application thereof to any Person or circumstance shall to any extent be invalid or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby. Subject to the provisions of Section 7.04, all provisions contained in this Agreement shall be binding upon, inure to the benefit of and be enforceable by the successors and assigns of each party hereto, including, without limitation, any United States trustee, any debtor-in-possession or any trustee appointed from a private panel, in each case to the same extent as if each successor and assign were named as a party hereto. This Agreement shall be governed by, and construed with, the laws of the applicable state or states in which the Properties are located, without giving effect to any state's conflict of laws principles.

Section 7.21. Survival. Except for the conditions of Closing set forth in Article V, which shall be satisfied or waived in writing as of the Closing Date, all representations, warranties, agreements, obligations and indemnities of Seller and Purchaser set forth in this Agreement shall survive the Closing.

Section 7.22. Waiver of Jury Trial and Certain Damages. THE PARTIES HERETO SHALL AND THEY HEREBY DO INTENTIONALLY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT AND/OR ANY CLAIM OR INJURY OR DAMAGE RELATED THERETO. SELLER FURTHER WAIVES THE RIGHT IT MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES FROM PURCHASER IN ANY ACTION, PROCEEDING OR COUNTERCLAIM WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND/OR ANY DOCUMENT CONTEMPLATED HEREIN OR RELATED HERETO.

Section 7.23. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all such counterparts shall be deemed to constitute one and the same instrument.

[Remainder of page intentionally left blank; signature page(s) to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first set forth above.

PURCHASER:

**STORE CAPITAL ACQUISITIONS, LLC, a
Delaware limited liability company**

By: /s/ Michael T. Bennett

Name: Michael T. Bennett

Title: Executive Vice President, General Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first set forth above.

SELLER:

MARQUIS INDUSTRIES ,INC., a Georgia Corporation

By: /s/ Tim A Bailey
Name: Tim A. Bailey
Title: CEO

Exhibits:

- A. Defined Terms
- B. Property Addresses / Legal Descriptions
- C. Non-Foreign Seller Certificate

EXHIBIT A

DEFINED TERMS

The following terms shall have the following meanings for all purposes of this Agreement: "*Additional Title Objection*" has the meaning set forth in Section 2.01(d)(ii).

"*Affiliate*" or any derivation thereof, means any Person which directly or indirectly controls, is under common control with, or is controlled by any other Person. For purposes of this definition, "controls", "under common control with" and "controlled by" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or otherwise.

"*Bulk Sales Statutes*" has the meaning set forth in Section 4.01(q).

"*Business Day*" means a day on which banks located in Scottsdale, Arizona are not required or authorized to remain closed.

"*Calhoun Property*" means that certain property located at 716 River Street, Calhoun, GA 30701.

"*Closing*" shall have the meaning set forth in Section 3.01.

"*Closing Date*" shall have the meaning set forth in Section 3.01.

"*Closing Deadline*" means five (5) Business Days following the expiration of the Inspection Period or any other date mutually agreed upon by Seller and Purchaser.

"*Current Owner*" has the meaning set forth in Section 1.01.

"*Deeds*" means, collectively, (i) those certain limited warranty deeds whereby Seller conveys to Lessee and Lessee conveys to Purchaser all of Lessee's right, title and interest in and to the Properties, free and clear of all Liens, restrictions, encroachments and easements, except the Permitted Encumbrances; and (ii) those certain limited warranty deeds whereby Seller conveys to Lessee all of Seller's right, title and interest in and to the Improvements, free and clear of all Liens, restrictions, encroachments and easements, except the Permitted Encumbrances.

"*Effective Date*" has the meaning set forth in the introductory paragraph of this Agreement.

"*Environmental Liens*" means all liens and other encumbrances imposed pursuant to any Hazardous Materials Law.

"*Environmental Report*" has the meaning set forth in Section 2.04.

"*Event of Default*" has the meaning set forth in Section 6.01.

"Faculty" means a carpet mill and floor covering manufacturer, and uses incidental thereto.

"Governmental Authority" means the United States of America, any state or other political subdivision thereof, any other entity exercising executive, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

"Guarantor" means, Marquis Industries, Inc., a Georgia corporation, or any additional or replacement guarantor(s) approved by Purchaser (as landlord) in its sole and absolute discretion.

"Guaranty" means an unconditional guaranty of payment and performance in form and substance acceptable to Lessor and Guarantor.

"Hazardous Materials" includes: (a) oil, petroleum products, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other materials, contaminants or pollutants, the presence of which causes any of the Properties to be in violation of any local, state or federal law or regulation, (including without limitation, any Hazardous Materials Law), or are defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "toxic substances", "contaminants", "pollutants", or words of similar import under any applicable local, state or federal law or under the regulations adopted, orders issued, or publications promulgated pursuant thereto, including, but not limited to: (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, et mg.; (ii) the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801, et m.; (iii) the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901, et mg.; and (iv) regulations adopted and publications promulgated pursuant to the aforesaid laws; (b) asbestos in any form which is friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million; (c) underground storage tanks; and (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Authority.

"Hazardous Materials Laws" includes any and all federal, state and local laws, rules, regulations, statutes, and requirements pertaining or relating to the environmental condition of the Properties or to Hazardous Materials.

"Improvements" has the meaning set forth in Section 1.01.

"Indemnified Parties" has the meaning set forth in Section 7.05.

"Insolvency Event" means (a) a Person's (i) failure to generally pay its debts as such debts become due; (ii) admitting in writing its inability to pay its debts generally; or (iii) making a general assignment for the benefit of creditors; (b) any proceeding being instituted by or against any Person (i) seeking to adjudicate it a bankrupt or insolvent; (ii) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency, or reorganization or relief of debtors; or (iii) seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property, and in the case of any such proceeding instituted against any such Person, either such proceeding shall remain undismissed for a period of 120 days or any of the actions sought in such proceeding shall occur; or (c) any Person taking any corporate or other formal action to authorize any of the actions set forth above in this definition.

"Inspection Period" has the meaning set forth in Section 2.07.

"Inspections" has the meaning set forth in Section 2.07.

"Lease" has the meaning set forth in Section 1.03.

"Lease Proof of Insurance" has the meaning set forth in Section 5.01(a)(iv).

"Legal Requirements" has the meaning set forth in Section 4.01(e).

"Lender" has the meaning set forth in Section 1.04.

"Lessee" means a newly formed Delaware limited liability company separate and distinct from Seller and Guarantor, which entity shall be a special purpose, bankruptcy-remote entity organized and structured in a manner acceptable to Purchaser and Lender and confirmed by, among other things, Lessee representations and warranties and non-consolidation opinions rendered by legal counsel to Seller and Lessee, and acceptable to Purchaser.

"Letter of Intent" means that certain Letter of Intent dated May 3, 2016 between STORE Capital Corporation, on behalf of Purchaser, and Seller with respect to the Transaction, and any amendments or supplements thereto.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction).

"Loan Agreement" means that certain loan agreement between Lessee, as borrower, and Lender, memorializing the Mortgage Loan.

"Loan Documents" shall have the meaning set forth in Section 1.04.

"Losses" means any and all claims, lawsuits, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, diminutions in value, fines, penalties, interest, charges, fees, expenses, judgments, decrees, awards, amounts paid in settlement and damages of whatever kind or nature (including, without limitation, attorneys' fees, court costs and costs incurred in the investigation, defense and settlement of claims).

"Memoranda of Lease" has the meaning set forth in Section 5.01(a)(iii). *"Mortgage Loan"* shall have the meaning set forth in Section 1.04.

"Non-Foreign Seller Certificate" has the meaning set forth in Section 5.01(a)(vii).

"Notices" has the meaning set forth in Section 7.03.

"OFAC List" means the list of specially designated nationals and blocked Persons subject to financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control and any other similar list maintained by the U.S. Treasury Department, Office of Foreign Assets Control pursuant to any Legal Requirements, including, without limitation, trade embargo, economic sanctions, or other prohibitions imposed by Executive Order of the President of the United States. The OFAC List currently is accessible through the internet website www.treas.gov/ofac/tl1sdn.pdf.

"Opinion of Counsel" means an opinion by legal counsel to the Seller Entities regarding due authority and execution and the enforceability of the Transaction Documents, in form and substance and with such qualifications as are reasonably acceptable to Purchaser's counsel.

"Permitted Encumbrances" means (a) the lien of any real estate taxes, water and sewer charges, not yet due and payable; (b) those recorded easements, restrictions, liens and encumbrances set forth as exceptions in the Title Commitments and in the Title Policies to be issued by Title Company to Purchaser and approved by Purchaser in its sole discretion in connection with this Agreement; (c) the Lease and (d) the Property and Improvements Lease.

"Person" means any natural person, firm, corporation, partnership, limited liability company, other entity, state, political subdivision of any state, the United States of America, any agency or instrumentality of the United States of America, any other public body or other organization or association.

"Professional Fees" has the meaning set forth in Section 1.05.

"Property" or *"Properties"* has the meaning set forth in Section 1.01.

"Property and Improvements Lease" has the meaning set forth in Section 1.03.

"Property Condition Reports" has the meaning set forth in Section 2.06.

"Purchase Price" means the amount specified in Section 1.02.

"Real Property" has the meaning set forth in Section 1.01.

"Seller Documents" has the meaning set forth in Section 2.02.

"Seller Entity" or *"Seller Entities"* means individually or collectively, as the context may require, Seller, Lessee, Sublessee and Guarantor and any Affiliate of Seller, Lessee, Sublessee and Guarantor.

"Sublessee" has the meaning set forth in Section 1.03.

"Surveys" has the meaning set forth in Section 2.03.

"Title Commitments" has the meaning set forth in Section 2.01(a).

'Title Company' means Fidelity National Title Insurance Company located at 1 E. Washington Street, Suite 450, Phoenix, AZ 85004, Attention: Michelle Burton, or an alternative title insurance company selected by Purchaser.

"Title Objection" has the meaning set forth in Section 2.01(d)(i).

"Title Policies" has the meaning set forth in Section 2.01(a).

"Transaction" has the meaning set forth in Section 1.01.

"Transaction Costs" means all out-of-pocket costs and expenses incurred in connection with the Transaction, including but not limited to (a) the procurement, or if the same is provided by Seller, the update of, any Property Condition Report, Environmental Report, Survey, Title Commitments, Title Policies, all title policies required by Purchaser's lender, and all endorsements required by Purchaser and its lender, (b) the Valuations, (c) any mortgagee's title insurance policies required by Purchaser's lender and any mortgage taxes, (d) all taxes (including stamp taxes and transfer taxes), escrow, closing, transfer and recording fees. Transaction Costs expressly exclude Professional Fees.

"Transaction Documents" means this Agreement, the Lease, the Memoranda of Lease, the Guaranty, the Deeds, the Lease Proof of Insurance, the Loan Documents, the Property and Improvements Lease, the Opinion of Counsel, the Non-Foreign Seller Certificate, the UCC Financing Statements, any and all documents referenced herein and therein, and such other documents, payments, instruments and certificates as are reasonably required by Purchaser and/or the Title Company.

"UCC Financing Statements" means such UCC-1 Financing Statements as Purchaser and Lender shall require with respect to the Transaction.

"UST Regulations" means 40 C.F.R. § 298 Subpart H — Financial Responsibility, or any equivalent state law, with respect to petroleum underground storage tanks (as such term is defined under 40 C.F.R. § 290.12 or any equivalent state law).

"USTs" means any one or combination of tanks and associated product piping systems used in connection with storage, dispensing and general use of Hazardous Materials.

"Valuation" or *"Valuations"* has the meaning set forth in Section 2.05. *"Zoning Evidence"* has the meaning set forth in Section 2.03.

"Zoning Evidence" has the meaning set forth in Section 2.03.

EXHIBIT B

PROPERTY ADDRESSES / LEGAL DESCRIPTIONS

Street Addresses:

2743 Highway 78, Chatsworth, GA 30705

325 Smyrna Church Road, Chatsworth, GA 30705

242 Treadwell Road, Chatsworth, GA 30705

1978 Highway 52 ALT, Chatsworth, GA 30705

1642 Duvall Road, Chatsworth, GA 30705

1805 S. Hamilton, Dalton, GA 30720

2669 Lakeland Road, Dalton, GA 30721

716 River Street, Calhoun, GA 30701

Legal Descriptions: To be provided by Seller or Title Company.

EXHIBIT C

NON-FOREIGN SELLER CERTIFICATE

STATE OF _____)
) ss:
COUNTY OF _____)

_____, being first duly sworn deposes and states under penalty of perjury:

1. That he/she is a _____ of Marquis Industries, Inc., a Georgia corporation, the transferor of the Property described on Schedule I attached hereto.
2. That the transferor's office address is at _____
3. That the United States taxpayer identification number for the transferor is _____
4. That the transferor is not a "foreign person" as that term is defined in Section 1445(f) of the United States Internal Revenue Code of 1986, as amended (the "Code").
5. That the transferor is not a disregarded entity as defined in § 1.1445-2(b)(2)(iii) of the regulations promulgated under the Code.

This affidavit is given to _____, a Delaware limited liability company, the transferee of the Property described in paragraph 1 above, for the purpose of establishing and documenting the non-foreign affidavit exemption to the withholding requirement of Section 1445 of the Code. The transferor understands that this affidavit may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

MARQUIS INDUSTRIES ,INC., a Georgia Corporation

By: EXHIBIT - NOT FOR SIGNATURE
Name:
Title:

Subscribed and sworn to before me this ____ day of _____, 2____.

Notary Public: _____
(SEAL)

My Commission Expires: _____

**Schedule I
to Non-foreign Seller Certificate**

Street Addresses:

2743 Highway 78, Chatsworth, GA 30705

325 Smyrna Church Road, Chatsworth, GA 30705

242 Treadwell Road, Chatsworth, GA 30705

1978 Highway 52 ALT, Chatsworth, GA 30705

1642 Duvall Road, Chatsworth, GA 30705

1805 S. Hamilton, Dalton, GA 30720

2669 Lakeland Road, Dalton, GA 30721

716 River Street, Calhoun, GA 30701

Legal Descriptions: To be provided by Seller or Title Company.

EXHIBIT 31.1

**CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jon Isaac, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Live Ventures Incorporated (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: August 15, 2016

/s/ Jon Isaac

Jon Isaac

President and Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jon Isaac, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Live Ventures Incorporated (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: August 15, 2016

/s/ Jon Isaac
Jon Isaac
Principal Financial Officer

**CERTIFICATION OF THE
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jon Isaac, the President and Chief Executive Officer of Live Ventures Incorporated, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Live Ventures Incorporated on Form 10-Q for the quarter ended June 30, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Live Ventures Incorporated.

Dated: August 15, 2016

/s/ Jon Isaac

Jon Isaac

President and Chief Executive Officer

(Principal Executive Officer and Principal Financial Officer)