

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended September 30, 2024
OR
 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 0-19687



Ascent Industries Co.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

57-0426694
(I.R.S. Employer Identification No.)

20 N. Martingale Rd, Suite 430
Schaumburg, Illinois
(Address of principal executive offices)

60173
(Zip Code)

(630) 884-9181
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of exchange on which registered</u>
Common Stock, par value \$1.00 per share	ACNT	NASDAQ Global Market

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 every Interactive Data File required to be submitted 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 such files).
Yes No

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

Large accelerated filer	<input type="checkbox"/> Accelerated filer	<input checked="" type="checkbox"/> Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input checked="" type="checkbox"/> Emerging growth company	<input type="checkbox"/>	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes No

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

The number of shares outstanding of the registrant's common stock as of November 8, 2024 was 10,092,966

Ascent Industries Co.
Table of Contents

PART I. FINANCIAL INFORMATION

Disclosure Regarding Forward Looking Statements	2
Item 1. Financial Statements	
Condensed Consolidated Balance Sheets as of September 30, 2024 (unaudited) and December 31, 2023	3
Condensed Consolidated Statements of Income (Loss) for the Three and Nine Months Ended September 30, 2024 and 2023 (unaudited)	4
Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2024 and 2023 (unaudited)	5
Condensed Consolidated Statements of Shareholders' Equity for the Three and Nine Months Ended September 30, 2024 and 2023 (unaudited)	6
Notes to Condensed Consolidated Financial Statements (unaudited)	
Note 1: Basis of Presentation	8
Note 2: Discontinued Operations	9
Note 3: Revenue Recognition	10
Note 4: Fair Value of Financial Instruments	11
Note 5: Inventories	12
Note 6: Property, Plant and Equipment	13
Note 7: Intangible Assets and Deferred Charges	13
Note 8: Debt	14
Note 9: Leases	15
Note 10: Shareholders' Equity	17
Note 11: Earnings Per Share	18
Note 12: Income Taxes	18
Note 13: Commitments and Contingencies	19
Note 14: Industry Segments	19
Note 15: Subsequent Events	20
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3. Quantitative and Qualitative Disclosures About Market Risk	29
Item 4. Controls and Procedures	29

PART II. OTHER INFORMATION

Item 1. Legal Proceedings	30
Item 1A. Risk Factors	30
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	30
Item 3. Defaults Upon Senior Securities	30
Item 4. Mine Safety Disclosures	30
Item 5. Other Information	30
Item 6. Exhibits	31
Signatures	32

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other applicable federal securities laws. All statements that are not historical facts are forward-looking statements. Forward looking statements can be identified through the use of words such as "estimate," "project," "intend," "expect," "believe," "should," "anticipate," "hope," "optimistic," "plan," "outlook," "should," "could," "may" and similar expressions. The forward-looking statements are subject to certain risks and uncertainties, including without limitation those identified below, which could cause actual results to differ materially from historical results or those anticipated. Readers are cautioned not to place undue reliance on these forward-looking statements. The following factors could cause actual results to differ materially from historical results or those anticipated: adverse economic conditions, including risks relating to the impact and spread of and the government's response to COVID-19; inability to weather an economic downturn; the impact of competitive products and pricing; product demand and acceptance risks; raw material and other increased costs; raw material availability; financial stability of the Company's customers; customer delays or difficulties in the production of products; loss of consumer or investor confidence; employee relations; ability to maintain workforce by hiring trained employees; labor efficiencies; risks associated with acquisitions; environmental issues; negative or unexpected results from tax law changes; inability to comply with covenants and ratios required by the Company's debt financing arrangements; and other risks detailed from time-to-time in Ascent Industries Co.'s Securities and Exchange Commission filings, including our Annual Report on Form 10-K, which filings are available from the SEC. Ascent Industries Co. assumes no obligation to update any forward-looking information included in this release.



Part I - Financial Information**Item 1. Financial Statements****Ascent Industries Co.****Condensed Consolidated Balance Sheets**

(in thousands, except par value and share data)

	(Unaudited)	
	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,547	\$ 1,851
Accounts receivable, net of allowance for credit losses of \$583 and \$463, respectively	27,768	26,604
Inventories	42,968	52,306
Prepaid expenses and other current assets	3,483	4,879
Assets held for sale	—	2,912
Current assets of discontinued operations	56	861
Total current assets	82,822	89,413
Property, plant and equipment, net	26,654	29,755
Right-of-use assets, operating leases, net	28,623	27,784
Intangible assets, net	7,380	8,496
Deferred income taxes	—	5,808
Deferred charges, net	29	104
Other non-current assets, net	3,108	1,935
Total assets	\$ 148,616	\$ 163,295
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 12,286	\$ 16,416
Accrued expenses and other current liabilities	7,081	5,108
Current portion of note payable	641	360
Current portion of operating lease liabilities	1,448	1,140
Current portion of finance lease liabilities	288	292
Current liabilities of discontinued operations	222	1,473
Total current liabilities	21,966	24,789
Long-term portion of operating lease liabilities	30,433	29,729
Long-term portion of finance lease liabilities	1,089	1,307
Deferred income taxes	369	—
Other long-term liabilities	54	60
Total non-current liabilities	31,945	31,096
Total liabilities	\$ 53,911	\$ 55,885
Commitments and contingencies – See Note 13		
Shareholders' equity:		
Common stock, par value \$1 per share; 24,000,000 shares authorized; 11,085,103 and 10,092,966 shares issued and outstanding, respectively	\$ 11,085	\$ 11,085
Capital in excess of par value	47,238	47,333
Retained earnings	45,946	58,517
	104,269	116,935
Less: cost of common stock in treasury - 992,137 and 990,282 shares, respectively	(9,564)	(9,525)
Total shareholders' equity	94,705	107,410
Total liabilities and shareholders' equity	\$ 148,616	\$ 163,295

Note: The condensed consolidated balance sheet at December 31, 2023 has been derived from the audited consolidated financial statements at that date. See accompanying notes to condensed consolidated financial statements.

Ascent Industries Co.
Condensed Consolidated Statements of Income (Loss) (Unaudited)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 42,901	\$ 46,747	\$ 137,201	\$ 151,963
Cost of sales	36,442	43,763	122,354	148,289
Gross profit	6,459	2,984	14,847	3,674
Selling, general and administrative	6,025	6,687	19,850	20,430
Acquisition costs and other	5	—	83	277
Goodwill impairment	—	11,389	—	11,389
Gain on lease modification	(67)	—	(67)	—
Operating income (loss) from continuing operations	496	(15,092)	(5,019)	(28,422)
Other expense (income)				
Interest expense, net	124	1,063	323	3,217
Other, net	(91)	(97)	(303)	(344)
Income (loss) from continuing operations before income taxes	463	(16,058)	(5,039)	(31,295)
Income tax expense (benefit)	7,479	(1,380)	6,270	(4,680)
Loss from continuing operations	(7,016)	(14,678)	(11,309)	(26,615)
Income (loss) from discontinued operations, net of tax	864	(3,254)	(1,262)	(11,152)
Net loss	\$ (6,152)	\$ (17,932)	\$ (12,571)	\$ (37,767)
Net loss per common share from continuing operations:				
Basic	\$ (0.69)	\$ (1.45)	\$ (1.12)	\$ (2.62)
Diluted	\$ (0.69)	\$ (1.45)	\$ (1.12)	\$ (2.62)
Net income (loss) per common share from discontinued operations:				
Basic	\$ 0.08	\$ (0.32)	\$ (0.12)	\$ (1.10)
Diluted	\$ 0.08	\$ (0.32)	\$ (0.12)	\$ (1.10)
Net loss per common share:				
Basic	\$ (0.61)	\$ (1.77)	\$ (1.24)	\$ (3.72)
Diluted	\$ (0.61)	\$ (1.77)	\$ (1.24)	\$ (3.72)
Weighted average shares outstanding:				
Basic	10,114	10,135	10,111	10,151
Diluted	10,114	10,135	10,111	10,151

See accompanying notes to condensed consolidated financial statements.

Ascent Industries Co.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2024	2023
Operating activities		
Net loss	\$ (12,571)	\$ (37,767)
Loss from discontinued operations, net of tax	(1,262)	(11,152)
Net loss from continuing operations	(11,309)	(26,615)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation expense	4,489	4,634
Amortization expense	1,116	1,128
Amortization of debt issuance costs	75	75
Goodwill impairment	—	11,389
Deferred income taxes	6,639	(7,864)
Provision for losses on accounts receivable	121	327
Provision for losses on inventories	1,300	1,980
Loss on disposal of property, plant and equipment	—	182
Non-cash lease expense	171	190
Stock-based compensation expense	601	701
Changes in operating assets and liabilities:		
Accounts receivable	(1,283)	3,754
Inventories	8,038	5,880
Other assets and liabilities	(918)	358
Accounts payable	(4,237)	8,872
Accrued expenses	1,973	(217)
Accrued income taxes	669	(772)
Net cash provided by operating activities - continuing operations	7,445	4,002
Net cash (used in) provided by operating activities - discontinued operations	(1,587)	17,525
Net cash provided by operating activities	5,858	21,527
Investing activities		
Purchases of property, plant and equipment	(1,281)	(2,411)
Net cash used in investing activities - continuing operations	(1,281)	(2,411)
Net cash provided by (used in) investing activities - discontinued operations	2,797	(394)
Net cash provided by (used in) investing activities	1,516	(2,805)
Financing activities		
Borrowings from long-term debt	156,923	201,588
Proceeds from note payable	914	900
Payments on long-term debt	(156,923)	(220,130)
Payments on note payable	(633)	(657)
Principal payments on finance lease obligations	(221)	(231)
Repurchase of common stock	(738)	(903)
Net cash used in financing activities	(678)	(19,433)
Increase (decrease) in cash and cash equivalents	6,696	(711)
Less: Cash and cash equivalents of discontinued operations	—	1
Cash and cash equivalents at beginning of period	1,851	1,440
Cash and cash equivalents at end of period	\$ 8,547	\$ 730

Supplemental Disclosure of Cash Flow Information

Cash paid for:

Interest	\$ 207	\$ 2,937
Income taxes	—	817

Noncash Investing Activities:

Capital expenditures, not yet paid	\$ 107	\$ 201
------------------------------------	--------	--------

See accompanying notes to condensed consolidated financial statements.

Ascent Industries Co.
Condensed Consolidated Statements of Shareholders' Equity (Unaudited)
(in thousands)

	Three Months Ended September 30, 2024						
	Common Stock		Capital in Excess of Par Value	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
Balance June 30, 2024	11,085	\$ 11,085	\$ 47,111	\$ 52,098	960	\$ (9,252)	\$ 101,042
Net income	—	—	—	(6,152)	—	—	(6,152)
Issuance of 10,852 shares of common stock from treasury	—	—	(105)	—	(11)	105	—
Stock-based compensation	—	—	232	—	—	—	232
Repurchase of 42,623 shares of common stock	—	—	—	—	43	(417)	(417)
Balance as of September 30, 2024	<u>11,085</u>	<u>\$ 11,085</u>	<u>\$ 47,238</u>	<u>\$ 45,946</u>	<u>992</u>	<u>\$ (9,564)</u>	<u>\$ 94,705</u>

	Nine Months Ended September 30, 2024						
	Common Stock		Capital in Excess of Par Value	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
Balance at December 31, 2023	11,085	\$ 11,085	\$ 47,333	\$ 58,517	\$ 990	\$ (9,525)	\$ 107,410
Net loss	—	—	—	(12,571)	—	—	(12,571)
Issuance of 72,331 shares of common stock from treasury	—	—	(696)	—	(72)	696	—
Stock-based compensation	—	—	601	—	—	—	601
Repurchase of 74,186 shares of common stock	—	—	—	—	74	(735)	(735)
Balance as of September 30, 2024	<u>11,085</u>	<u>\$ 11,085</u>	<u>\$ 47,238</u>	<u>\$ 45,946</u>	<u>\$ 992</u>	<u>\$ (9,564)</u>	<u>\$ 94,705</u>

See accompanying notes to condensed consolidated financial statements.



Ascent Industries Co.
Condensed Consolidated Statement of Shareholders' Equity (Unaudited)
Continued

Three Months Ended September 30, 2023							
	Common Stock		Capital in Excess of Par Value	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
Balance June 30, 2023	11,085	\$ 11,085	\$ 46,951	\$ 65,311	927	\$ (9,021)	\$ 114,326
Net loss	—	—	—	(17,932)	—	—	(17,932)
Issuance of 6,860 shares of common stock from treasury	—	—	(67)	—	(7)	67	—
Stock-based compensation	—	—	305	—	—	—	305
Repurchase of 44,799 shares of common stock	—	—	—	—	45	(397)	(397)
Balance as of September 30, 2023	<u>11,085</u>	<u>\$ 11,085</u>	<u>\$ 47,189</u>	<u>\$ 47,379</u>	<u>965</u>	<u>\$ (9,351)</u>	<u>\$ 96,302</u>

Nine Months Ended September 30, 2023							
	Common Stock		Capital in Excess of Par Value	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
Balance at December 31, 2022	11,085	\$ 11,085	\$ 47,021	\$ 85,146	924	\$ (8,993)	\$ 134,259
Net loss	—	—	—	(37,767)	—	—	(37,767)
Issuance of 55,636 shares of common stock from treasury	—	—	(542)	—	(55)	542	—
Stock-based compensation	—	—	710	—	—	—	710
Repurchase 95,955 of common stock	—	—	—	—	96	(900)	(900)
Balance as of September 30, 2023	<u>11,085</u>	<u>\$ 11,085</u>	<u>\$ 47,189</u>	<u>\$ 47,379</u>	<u>965</u>	<u>\$ (9,351)</u>	<u>\$ 96,302</u>

See accompanying notes to condensed consolidated financial statements.



Ascent Industries Co.
Notes to Consolidated Financial Statements (Unaudited)

Unless indicated otherwise, the terms "Company," "we," "us," and "our" refer to Ascent Industries Co. and its consolidated subsidiaries.

Note 1: Basis of Presentation

Basis of Financial Statement Presentation

The accompanying unaudited condensed consolidated financial statements and notes to the unaudited condensed consolidated financial statements are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not include all the disclosures normally required in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The unaudited condensed consolidated financial statements, in the opinion of management, contain all normal recurring adjustments necessary to present a fair statement of the condensed consolidated balance sheets as of September 30, 2024, the statements of income (loss) and shareholders' equity for the three and nine months ended September 30, 2024 and 2023, and the statements of cash flows for the nine months ended September 30, 2024 and 2023. The December 31, 2023 condensed consolidated balance sheet was derived from the audited financial statements.

These interim unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report"). The financial results for the interim periods may not be indicative of the financial results for the entire year as our future assessment of our current expectations could result in material impacts to our consolidated financial statements in future reporting periods.

Use of Estimates

The preparation of the Company's financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates that affect the reported amounts of assets, liabilities, sales and expenses, and related disclosures of contingent assets and liabilities. Significant items subject to such estimates and assumptions include the carrying value of property, plant and equipment; intangible assets; the fair value of assets or liabilities acquired in a business combination; valuation allowances for receivables, inventories and deferred income tax assets and liabilities; liabilities for potential tax deficiencies; and, potential litigation claims and settlements. The Company bases these estimates on historical results and various other assumptions believed to be reasonable, all of which form the basis for making estimates concerning the carrying value of assets and liabilities that are readily available from other sources. Actual results may differ from these estimates.

Reclassifications

Certain prior period amounts have been reclassified to conform to current period presentation, including the Company's Specialty Pipe and Tube operations within the Tubular Products segment to discontinued operations.

Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The ASU expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. All disclosure requirements under ASU 2023-07 are also required for public entities with a single reportable segment. The ASU is effective for the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, and subsequent interim periods, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and footnote disclosures.

In December 2023, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The ASU requires consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The amendments also require that all entities disclose more detailed information about income taxes paid, including by jurisdiction; pretax income (or loss) from continuing operations; and income tax expense (or benefit). The ASU is effective for the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025, and subsequent interim periods, with early

Ascent Industries Co.
Notes to Consolidated Financial Statements (Unaudited)

adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and footnote disclosures.

In November 2024, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures*. The ASU requires updated disclosures, in the notes to the financial statements, of specified information about certain costs and expenses. The amendments require that at each interim and annual reporting period an entity disclose the amounts of purchases of inventory, employee compensation, depreciation, intangible asset amortization and depreciation, depletion, and amortization recognized as part of oil and gas producing activities included in relevant expense captions. The amendments also require disclosure of qualitative descriptions of amounts remaining in relevant expense captions that are not separately disaggregated and to disclose the total amount of selling expenses as well as the entity's definition of selling expenses. The ASU is effective for the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2027, and subsequent interim periods, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and footnote disclosures.

Recent accounting pronouncements pending adoption not discussed in this Form 10-Q are either not applicable to the Company or are not expected to have a material impact on the Company.

Note 2: Discontinued Operations

Munhall Closure

During the second quarter of 2023, the Board of Directors of the Company made the decision to permanently cease operations at Munhall effective on or around August 31, 2023. The strategic decision to cease manufacturing operations at Munhall is part of the Company's ongoing efforts to consolidate manufacturing to drive an increased focus on its core operations and to improve profitability while driving operational efficiencies.

As a result of this decision, during the second quarter ended June 30, 2023, the Company incurred asset impairment charges of \$6.4 million related to the write down of inventory and long-lived assets as well as \$1.4 million in increased reserves on accounts receivable at the facility. During the third quarter of 2023, the Company incurred additional asset impairment charges of \$2.4 million related to the write down of inventory to net realizable value. During the first quarter of 2024, the Company incurred additional asset impairment charges of \$1.1 million related to the write down of the remaining long-lived assets at the facility. During the third quarter, the Company entered into a purchase agreement to sell the remaining assets at the Munhall facility for approximately \$2.8 million. The Company recognized a \$1.5 million gain on the sale in the third quarter of 2024. See [Note 4](#) for further discussion of the assets held for sale and related fair value measurements. The results of operations for Munhall have been classified as discontinued operations for all periods presented.

In May of 2023, the Company was named as a defendant in a lawsuit filed in the U.S. District Court for the Western District of Pennsylvania, asserting various claims for breach of contracts resulting in losses to the plaintiff and seeking damages in the amount of \$0.8 million plus prejudgment interest and attorney's fees. The Company had an estimated liability of \$1.0 million related to the lawsuit as of December 31, 2023. In August of 2024, the Company resolved the case through a settlement agreement and no longer has funds reserved for the matter.

Divestiture of Specialty Pipe & Tube, Inc.

On December 22, 2023, the Company and its wholly-owned subsidiary Specialty Pipe & Tube, Inc. ("SPT") entered into an Asset Purchase Agreement pursuant to which Ascent and SPT sold substantially all of the assets primarily related to SPT to Specialty Pipe & Tube Operations, LLC, a Delaware limited liability company. The consideration for the transaction was approximately \$55 million of cash proceeds subject to certain closing adjustments. The transaction closed on December 22, 2023. Ascent and Purchaser also entered into a Transition Services Agreement (the "TSA") and an Employee Leasing Agreement (the "ELA") each dated December 22, 2023, pursuant to which Ascent agreed to provide certain transition services and to lease certain employees to Purchaser immediately after the closing for certain agreed upon transition periods. The TSA and the ELA were both completed as of June 30, 2024. As result of the sale, SPT results of operations are classified under discontinued operations for all periods presented. Prior to the divestiture, SPT was reported under the Company's Tubular Products segment.

The following table presents the aggregate carrying amounts of the classes of assets and liabilities of the Company's discontinued operations:

Ascent Industries Co.
Notes to Consolidated Financial Statements (Unaudited)

<i>(in thousands)</i>	September 30, 2024	December 31, 2023
Carrying amounts of assets included as part of discontinued operations:		
Accounts receivable, net	\$ —	\$ 778
Prepaid expenses and other current assets	56	83
Current assets classified as discontinued operations	56	861
Carrying amounts of current liabilities included as part of discontinued operations:		
Accounts payable	9	107
Accrued expenses and other current liabilities	213	1,366
Total current liabilities classified as discontinued operations	\$ 222	\$ 1,473

The financial results are presented as loss from discontinued operations, net of tax on the unaudited condensed consolidated statements of income (loss). The following table summarizes the results of the Company's discontinued operations:

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 29	\$ 12,016	\$ 290	\$ 57,547
Cost of sales	466	12,974	2,064	56,393
Gross profit	(437)	(958)	(1,774)	1,154
Selling, general and administrative expense	(1,899)	742	(1,758)	6,326
Acquisition costs and other	5	135	124	213
Asset impairments	—	2,416	1,115	8,803
Income (loss) from discontinued operations before income taxes	1,457	(4,251)	(1,255)	(14,188)
Income tax expense (benefit)	593	(997)	7	(3,036)
Net income (loss) from discontinued operations	\$ 864	\$ (3,254)	\$ (1,262)	\$ (11,152)

Note 3: Revenue Recognition

Revenue is generated primarily from contracts to produce, ship and deliver stainless steel and specialty chemical products. Revenues are recognized when control of the promised goods or services is transferred to our customers upon shipment, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The Company's revenues are derived from contracts with customers where performance obligations are satisfied at a point-in-time or over-time. For certain contracts under which the Company produces product with no alternative use and for which the Company has an enforceable right to payment during the production cycle, product in which the material is customer owned or in which the customer simultaneously consumes the benefits throughout the production cycle, progress toward satisfying the performance obligation is measured using an output method of units produced. Certain customer arrangements consist of bill-and-hold characteristics under which transfer of control has been met (including the passing of title and significant risk and reward of ownership to the customers). Therefore, the customers can direct the use of the bill-and-hold inventory while we retain physical possession of the product until it is shipped to a customer at a point in time in the future.

Sales tax and other taxes we collect with revenue-producing activities are excluded from revenue. Shipping costs charged to customers are treated as fulfillment activities and are recorded in both revenue and cost of sales at the time control is transferred to the customer. Costs related to obtaining sales contracts are incidental and are expensed when incurred. Because customers are invoiced at the time title transfers and the Company's right to consideration is unconditional at that time, the Company does not maintain contract asset balances. Additionally, the Company does not maintain material contract liability balances, as performance obligations for substantially all contracts are satisfied prior to customer payment for product. The Company offers industry standard payment terms.

Ascent Industries Co.
Notes to Consolidated Financial Statements (Unaudited)

The following table presents the Company's revenues, disaggregated by product group from continuing operations:

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Fiberglass and steel liquid storage tanks and separation equipment	\$ —	\$ —	\$ —	\$ 50
Stainless steel pipe and tube	22,023	26,695	74,559	86,748
Specialty chemicals	20,878	20,052	62,642	65,165
Net sales	\$ 42,901	\$ 46,747	\$ 137,201	\$ 151,963

Performance obligations are supported by contracts with customers, providing a framework for the nature of the distinct goods, services or bundle of goods and services. The timing of satisfying the performance obligation is typically indicated by the terms of the contract. The following table represents the Company's revenue recognized at a point-in-time and over-time:

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Point-in-time	\$ 38,532	\$ 42,037	\$ 121,159	\$ 137,803
Over-time	\$ 4,369	\$ 4,710	\$ 16,042	\$ 14,160

Note 4: Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. To measure fair value, we use a three-tier valuation hierarchy based upon observable and non-observable inputs:

Level 1 - Unadjusted quoted prices that are available in active markets for identical assets or liabilities at the measurement date.

Level 2 - Significant other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Significant unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using model-based techniques, including option pricing models, discounted cash flow models, probability weighted models, and Monte Carlo simulations.

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

During the three and nine months ended September 30, 2024, the Company's only significant measurements of assets or liabilities at fair value on a non-recurring basis subsequent to their initial recognition were certain long-lived assets.

Long-lived assets

The Company reviews the carrying amounts of long-lived assets whenever certain events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company assesses performance quarterly against historical patterns, projections of future profitability, and whether it is more likely than not that the assets will be disposed of significantly prior to the end of their estimated useful life for evidence of possible impairment. An impairment loss is recognized when the carrying amount of the asset (disposal) group is not recoverable and exceeds fair value. The Company estimates the fair values of assets subject to long-lived asset impairment based on the Company's own judgments about the assumptions market participants would use in pricing the assets and observable market data, when available.

Ascent Industries Co.
Notes to Consolidated Financial Statements (Unaudited)

During the second quarter of 2023, the Board of Directors of the Company made the decision to permanently cease operations at the Munhall facility effective on or around August 31, 2023. As a result of this decision, it was determined to be more likely than not that the assets of Munhall would be sold or otherwise disposed of significantly before the end of their previously estimated useful lives, and therefore, experienced a triggering event and were evaluated for recoverability. Based on this evaluation, inventory at Munhall was written down to its net realizable value of \$16.0 million and certain long-lived assets, including intangible assets, were written down to their estimated fair value of \$2.6 million, resulting in asset impairment charges of \$6.4 million in the second quarter of 2023.

During the third quarter of 2023, the remaining inventory at Munhall was written down to its net realizable value of \$4.0 million resulting in asset impairment charges of \$2.4 million in the third quarter of 2023. During the first quarter of 2024, the Company incurred additional asset impairment charges of \$1.1 million related to the write down of the remaining long-lived assets at the facility. See [Note 2](#) for further information on the Company's discontinued operations.

Assets Held for Sale

During the third quarter of 2024, the Company entered into a purchase agreement to sell the remaining assets at the Munhall facility for approximately \$2.8 million. The Company recognized a \$1.5 million gain on the sale in the third quarter of 2024. As a result of this sale, the Company had no assets held for sale as of September 30, 2024. The Company remains obligated under the terms of the leases for the rent and other costs that may be associated with the lease of the Munhall facility through 2036.

Munhall assets classified as held for sale as are as follows:

<i>(in thousands)</i>	September 30, 2024	December 31, 2023
Property, plant and equipment, net	\$ —	\$ 2,374
Other assets, net	—	538
Assets held for sale	<u>\$ —</u>	<u>\$ 2,912</u>

Fair Value of Financial Instruments

The fair values of cash and cash equivalents, accounts receivable, accounts payable and the Company's note payable approximated their carrying value because of the short-term nature of these instruments. The Company's revolving line of credit and long-term debt, which is based on a variable interest rate, are also reflected in the financial statements at carrying value which approximate fair values as of September 30, 2024. The carrying amount of cash and cash equivalents are considered Level 1 measurements. The carrying amounts of accounts receivable, accounts payable, note payable, revolving line of credit and long-term debt are considered Level 2 measurements. See [Note 8](#) for further information on the Company's debt.

Note 5: Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by either specific identification or weighted average methods. The components of inventories are as follows:

<i>(in thousands)</i>	September 30, 2024	December 31, 2023
Raw materials	\$ 15,647	\$ 22,321
Work-in-process	13,276	14,740
Finished goods	<u>21,365</u>	<u>21,364</u>
	50,288	58,425
Less: inventory reserves	<u>(7,320)</u>	<u>(6,119)</u>
Inventories	<u>\$ 42,968</u>	<u>\$ 52,306</u>

Ascent Industries Co.
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Property, Plant and Equipment

Property, plant and equipment from continuing operations consist of the following:

<i>(in thousands)</i>	September 30, 2024	December 31, 2023
Land	\$ 668	\$ 723
Leasehold improvements	3,087	3,079
Buildings	1,534	1,534
Machinery, fixtures and equipment	94,766	93,758
Construction-in-progress	1,357	1,330
	<u>101,412</u>	<u>100,424</u>
Less: accumulated depreciation and amortization	(74,758)	(70,669)
Property, plant and equipment, net	<u>\$ 26,654</u>	<u>\$ 29,755</u>

The following table sets forth depreciation expense related to property, plant and equipment:

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cost of sales	\$ 1,374	\$ 1,462	\$ 4,290	\$ 4,454
Selling, general and administrative	64	60	199	180
Total depreciation	<u>\$ 1,438</u>	<u>\$ 1,522</u>	<u>\$ 4,489</u>	<u>\$ 4,634</u>

Note 7: Intangible Assets and Deferred Charges

Intangible Assets

Intangible assets represent the fair value of intellectual, non-physical assets resulting from business acquisitions and are amortized over their estimated useful life using either an accelerated or straight-line method over a period of 15 years.

The balance of intangible assets from continuing operations subject to amortization are as follows:

<i>(in thousands)</i>	September 30, 2024		December 31, 2023	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Definite-lived intangible assets:				
Customer related	\$ 14,604	\$ (7,779)	\$ 14,604	\$ (6,685)
Trademarks and trade names	150	(22)	150	(17)
Other	500	(73)	500	(56)
Total definite-lived intangible assets	<u>\$ 15,254</u>	<u>\$ (7,874)</u>	<u>\$ 15,254</u>	<u>\$ (6,758)</u>

Ascent Industries Co.
Notes to Consolidated Financial Statements (Unaudited)

Estimated amortization expense related to intangible assets for the next five years are as follows:

(in thousands)

Remainder of 2024	\$	372
2025		1,324
2026		1,102
2027		930
2028		786
2029		673
Thereafter		2,193

Deferred Charges

Deferred charges represent debt issuance costs and are amortized over their estimated useful lives using the straight-line method over a period of four years.

The balance of deferred charges subject to amortization are as follows:

(in thousands)

	September 30, 2024	December 31, 2023
Deferred charges, gross	\$ 398	\$ 398
Accumulated amortization of deferred charges	(369)	(294)
Deferred charges, net	<u>\$ 29</u>	<u>\$ 104</u>

Note 8: Debt

Short-term debt

On June 21, 2024, the Company entered into a note payable in the amount of \$0.9 million with an interest rate of 3.70% maturing April 1, 2025. The agreement is associated with the financing of a portion of the Company's insurance premiums in the current year. As of September 30, 2024, the outstanding balance was \$0.6 million.

Credit Facilities

During the first quarter of 2023, the Company entered into an Amended and Restated Credit Agreement with BMO Harris Bank, N.A. ("BMO") to replace LIBOR with the Secured Overnight Funding Rate ("SOFR").

During the fourth quarter of 2023, the Company entered into a Limited Consent, Second Amendment to Credit Agreement and Omnibus Amendment to Loan Documents with BMO Bank N.A. and the other lenders under the Company's credit facility (the "Credit Facility Amendment"). The Credit Facility Amendment contains a consent for the SPT divestiture, released the lien on the assets of SPT and removed SPT as a loan party. The Credit Facility Amendment also reduced the maximum revolving loan commitment under the credit facility from \$105 million to \$80 million, and increased the interest rate for the credit facility from SOFR plus an interest rate margin of between .60% and 1.70% to SOFR plus an interest rate margin of between 1.85% and 2.10%, depending on average availability under the credit facility and the Company's consolidated fixed charge coverage ratio. As required by the Credit Facility Amendment, the Company used the proceeds from the SPT divestiture to prepay in full the term loan in the original principal amount of \$5 million under the credit facility and used the remaining proceeds to prepay in part the revolving loans under the credit facility.

The borrowing capacity under the credit facility totals \$80.0 million consisting of a \$80.0 million revolving line of credit which includes a \$17.5 million machinery and equipment sub-limit. The Company had no debt outstanding under its credit facilities as of September 30, 2024 and December 31, 2023.

We have pledged all of our accounts receivable, inventory, and certain machinery and equipment as collateral for the Credit Agreement. Availability under the Credit Agreement is subject to the amount of eligible collateral as determined by the lenders' borrowing base calculations. Amounts outstanding under the revolving line of credit currently bear interest at (a) the Base Rate (as defined in the Credit Agreement) plus 0.75%, or (b) SOFR plus 1.85%. The Credit Agreement also provides an unused commitment fee based on the daily used portion of the credit facility.

Ascent Industries Co.
Notes to Consolidated Financial Statements (Unaudited)

Pursuant to the Credit Agreement, the Company was required to pledge all of its tangible and intangible properties, including the stock and membership interests of its subsidiaries. The Credit Agreement contains covenants requiring the maintenance of a minimum consolidated fixed charge coverage ratio if excess availability falls below the greater of (i) \$7.5 million and (ii) 10% of the revolving credit facility (currently \$8.0 million). As of September 30, 2024, the Company was in compliance with all financial debt covenants.

As of September 30, 2024, the Company had \$57.5 million of remaining availability under its credit facility.

Note 9: Leases

The Company's portfolio of leases contains both finance and operating leases that relate to real estate and manufacturing equipment. Substantially all of the value of the Company's lease portfolio relates to the Master Lease with Store Master Funding XII, LLC ("Store"), an affiliate of Store Capital Corporation ("Store Capital") that was entered into in 2016 and amended with the American Stainless acquisition in 2019 as well as the sale of land at the Munhall facility in 2020.

During the third quarter of 2024, the Company and Store closed on a transaction pursuant to which Store sold to a third party approximately 20,200 square feet of warehouse space located at Ascent's facility in Cleveland, Tennessee. As a result of the sale, the Company and Store entered into a Fourth Amended and Restated Master Lease Agreement (the "Fourth Master Lease") to reduce the Company's rent at the Cleveland facility pursuant to the terms and conditions of the Third Amended and Restated Master Lease Agreement between the parties dated September 10, 2020.

The Fourth Master Lease was determined to be a lease modification that qualified for a remeasurement of the existing lease and not a separate contract. Upon modification of the Fourth Master Lease, the right-of-use asset and operating lease liability were remeasured using an incremental borrowing rate determined on the date of modification. As such, the Company recognized an increase in the right-of-use asset and operating lease liability related to the Fourth Master Lease of \$1.3 million and recognized a gain on the modification of \$0.1 million, which is reported within operating expenses on the unaudited consolidated statements of income (loss).

As of September 30, 2024, operating lease liabilities related to the master lease agreement with Store Capital totaled \$1.2 million, or 94% of the total lease liabilities on the consolidated balance sheet.

On July 16, 2024, the Company entered into a sixty-five month operating lease agreement with respect to certain office property commencing November 1, 2024 without option to extend an additional sixty months at the end of the lease term. Pursuant to the terms of the lease agreement, the Company will pay a base rent in the first year of the agreement of \$9,606 monthly with an annual increase in November each year of 3.0% through the term of the agreement. The total amount of rent and rent adjustments shall be abated for a period of five months from the period commencing November 1, 2024 and expiring March 31, 2025. In addition, the Company remitted a security deposit of \$52,353 to the landlord at execution and is also responsible for taxes and other operating expenses related to the space. The Company has treated tenancy for the period prior to rent commencement as a free rental period for accounting purposes.

During the three months and nine months ended September 30, 2024, the Company did not enter into any new finance lease agreements.

Operating and finance lease amounts from continuing operations included in the unaudited condensed consolidated balance sheet are as follows (in thousands):

Classification	Financial Statement Line Item	September 30, 2024	December 31, 2023
Long-term Assets	Right-of-use assets, operating leases	\$ 28,623	\$ 27,784
Long-term Assets	Property, plant and equipment	1,303	1,543
Current liabilities	Current portion of lease liabilities, operating leases	1,448	1,140
Current liabilities	Current portion of lease liabilities, finance leases	288	292
Non-current liabilities	Non-current portion of lease liabilities, operating leases	30,433	29,729
Non-current liabilities	Non-current portion of lease liabilities, finance leases	1,089	1,307



Ascent Industries Co.
Notes to Consolidated Financial Statements (Unaudited)

Total Lease Cost

Individual components of the total lease cost incurred by the Company are as follows:

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating lease cost ¹	\$ 1,007	\$ 985	\$ 2,978	\$ 2,956
Finance lease cost:				
Amortization of right-of-use assets	79	87	237	263
Interest on finance lease liabilities	22	24	65	61
Sublease income	(92)	(91)	(276)	(273)
Total lease cost	\$ 1,016	\$ 1,005	\$ 3,004	\$ 3,007

¹Includes short term leases, which are immaterial

Reduction in carrying amounts of right-of-use assets held under finance leases is included in depreciation expense. Minimum rental payments under operating leases are recognized on a straight-line method over the term of the lease including any periods of free rent and are included in selling, general, and administrative expense on the unaudited condensed consolidated statements of income (loss).

Maturity of Leases

The amounts of undiscounted future minimum lease payments under leases in continuing operations as of September 30, 2024 are as follows:

<i>(in thousands)</i>	Operating		Finance	
Remainder of 2024	\$	898	\$	90
2025		3,698		361
2026		3,750		361
2027		3,825		361
2028		3,903		303
Thereafter		31,937		85
Total undiscounted minimum future lease payments		48,011		1,561
Imputed interest		(16,130)		(184)
Present value of lease liabilities	\$	31,881	\$	1,377

Lease Term and Discount Rate

	September 30, 2024		December 31, 2023	
Weighted-average remaining lease term				
Operating leases		11.85 years		12.67 years
Finance leases		4.37 years		5.07 years
Weighted-average discount rate				
Operating leases		7.17 %		8.33 %
Finance leases		5.93 %		5.92 %

Subleases

During the second quarter of 2024, the Company entered into a sublease agreement with a third party to sublease the former Specialty Pipe and Tube, Inc. facilities in Mineral Ridge, Ohio and Houston, Texas. The sublease agreement continues through the remaining term of the Master Lease Agreement and will expire on September 30, 2036, unless terminated in accordance with the sublease agreement. The sublease provides for an annual base rent of approximately \$0.1 million in the first year, which increases on an annual basis by 2.0%. The sublessee is responsible for taxes and all operating expenses related to the subleased space.

Ascent Industries Co.
Notes to Consolidated Financial Statements (Unaudited)

The Company also currently subleases the former Palmer facility and records cash receipts related to the subleases in other expense (income) on the unaudited condensed consolidated statements of income (loss).

Future expected cash receipts from the Company's subleases as of September 30, 2024 are as follows:

<i>(in thousands)</i>	Sublease Receipts	
Remainder of 2024	\$	145
2025		582
2026		594
2027		606
2028		618
Thereafter		5,229
Total sublease receipts	\$	7,774

Note 10: Shareholders' Equity

On December 20, 2022, the Board of Directors re-authorized the Company's share repurchase program. The previous share repurchase program had a term of 24 months and was set to expire on February 17, 2023. The share repurchase program allows for repurchase of up to 790,383 shares of the Company's outstanding common stock and extends to February 17, 2025. The shares will be purchased from time to time at prevailing market prices, through open market or privately negotiated transactions, depending on market conditions. Under the program, the purchases will be funded from available working capital, and the repurchased shares will be returned to the status of authorized, but unissued shares of common stock or held in treasury. There is no guarantee as to the exact number of shares that will be repurchased by the Company and the Company may discontinue purchases at any time that management determines additional purchases are not warranted. As of September 30, 2024, the Company has 462,685 shares of its share repurchase authorization remaining.

Shares repurchased for the three and nine months ended September 30, 2024 and 2023 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Number of shares repurchased	42,623	44,799	74,186	95,955
Average price per share	\$ 9.79	\$ 8.87	\$ 9.92	\$ 9.38
Total cost of shares repurchased ¹	\$ 418,563	\$ 398,861	\$ 738,361	\$ 903,012

¹Includes broker commissions paid as part of repurchase transactions



Ascent Industries Co.
Notes to Consolidated Financial Statements (Unaudited)

Note 11: Earnings Per Share

The following table sets forth the computation of basic and diluted income (loss) per share:

<i>(in thousands, except per share data)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net loss from continuing operations	\$ (7,016)	\$ (14,678)	\$ (11,309)	\$ (26,615)
Net income (loss) from discontinued operations	864	(3,254)	(1,262)	(11,152)
Net loss	\$ (6,152)	\$ (17,932)	\$ (12,571)	\$ (37,767)
Denominator:				
Weighted-average common shares outstanding	10,114	10,135	10,111	10,151
Effect of dilutive securities:				
Employee stock options and stock grants	—	—	—	—
Weighted-average common shares, as adjusted	10,114	10,135	10,111	10,151
Net loss per share from continuing operations:				
Basic	\$ (0.69)	\$ (1.45)	\$ (1.12)	\$ (2.62)
Diluted	\$ (0.69)	\$ (1.45)	\$ (1.12)	\$ (2.62)
Net income (loss) per share from discontinued operations:				
Basic	\$ 0.08	\$ (0.32)	\$ (0.12)	\$ (1.10)
Diluted	\$ 0.08	\$ (0.32)	\$ (0.12)	\$ (1.10)
Net loss per share:				
Basic	\$ (0.61)	\$ (1.77)	\$ (1.24)	\$ (3.72)
Diluted	\$ (0.61)	\$ (1.77)	\$ (1.24)	\$ (3.72)

The diluted loss per share calculations exclude the effect of potentially dilutive shares when the inclusion of those shares in the calculation would have an anti-dilutive effect. The Company had \$0.1 million shares that were anti-dilutive for the three and nine months ended September 30, 2024 and 2023, respectively.

Note 12: Income Taxes

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. The Company is no longer subject to U.S. federal examinations for years before 2020 or state examinations for years before 2019. During the three and nine months ended September 30, 2024 and 2023, the Company did not identify nor reserve for any unrecognized tax benefits.

Our income tax expense (benefit) and overall effective tax rates for continuing operations for the periods presented are as follows:

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Income tax benefit	\$ 7,479	\$ (1,380)	\$ 6,270	\$ (4,680)
Effective income tax rate	1,612.2 %	8.6 %	124.4 %	15.0 %

The effective tax rate for continuing operations was 1,612.2% and 124.4% for the three and nine months ended September 30, 2024. The three and nine months ended September 30, 2024 effective tax rate was higher than the U.S. statutory rate of 21.0% primarily due to discrete tax charges associated with the recording of a valuation allowance on cumulative U.S. federal and

Ascent Industries Co.
Notes to Consolidated Financial Statements (Unaudited)

state deferred tax assets. During the period, the Company determined it was more likely than not that the existing cumulative deferred tax assets would be unrealizable and recorded a discrete tax charge of \$6.2 million.

The effective tax rate for continuing operation was 8.6% and 15.0% for the three and nine months ended September 30, 2023. The three and nine months ended September 30, 2023 effective tax rate was lower than the U.S. statutory rate 21.0% primarily due to the effects of permanent goodwill impairment reducing the tax benefit in the period.

Note 13: Commitments and Contingencies

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any other such litigation the outcome of which, we believe, if determined adversely to us, would individually, or taken together, have a material adverse effect on our business, operating results, cash flows, or financial condition. Defending such proceedings is costly and can impose a significant burden on management and employees. We may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurances that favorable final outcomes will be obtained.

Note 14: Industry Segments

Ascent Industries Co. has two reportable segments: Specialty Chemicals and Tubular Products. The Specialty Chemicals segment includes the operating results of the Company's plants involved in the production of specialty chemicals. The Specialty Chemicals segment produces products for the pulp and paper, coatings, adhesives, sealants and elastomers (CASE), textile, automotive, household, industrial and institutional ("HII"), agricultural, water and waste-water treatment, construction, oil and gas and other industries.

The Tubular Products segment includes the operating results of the Company's plants involved in the production of stainless steel pipe and tube. The Tubular Products segment serves markets through pipe and tube and customers in the appliance, architectural, automotive and commercial transportation, brewery, chemical, petrochemical, pulp and paper, mining, power generation (including nuclear), water and waste-water treatment, liquid natural gas ("LNG"), food processing, pharmaceutical, oil and gas and other industries.

On December 22, 2023, the Company announced the sale of substantially all of the assets of Specialty Pipe & Tube ("SPT"). As a result, certain prior period Tubular Products segment results have been reclassified to remove SPT's results from continuing operations to discontinued operations.

The chief operating decision maker evaluates performance and determines resource allocations based on a number of factors, the primary measures being operating income and adjusted earnings (loss) before interest, income taxes, depreciation and amortization. Adjusted earnings (loss) before interest, income taxes, depreciation and amortization excludes certain items that management believes are not indicative of future results.

The accounting principles applied at the operating segment level are the same as those applied at the consolidated financial statement level. Intersegment sales and transfers are eliminated at the corporate consolidation level.

Ascent Industries Co.
Notes to Consolidated Financial Statements (Unaudited)

The following table summarizes certain information regarding segments of the Company's continuing operations:

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales				
Tubular Products	\$ 22,023	\$ 26,695	\$ 74,559	\$ 86,748
Specialty Chemicals	20,878	20,052	62,642	65,165
All Other	—	—	—	50
	\$ 42,901	\$ 46,747	\$ 137,201	\$ 151,963
Operating income (loss)				
Tubular Products	\$ 1,653	\$ (620)	\$ 1,040	\$ (7,215)
Specialty Chemicals	385	(11,481)	(625)	(10,935)
All Other	(117)	(132)	(378)	(684)
Corporate				
Unallocated corporate expenses	(1,490)	(2,859)	(5,070)	(9,314)
Acquisition costs and other	(2)	—	(53)	(274)
Gain on lease modification	67	—	67	—
Total Corporate	(1,425)	(2,859)	(5,056)	(9,588)
Operating income (loss)	496	(15,092)	(5,019)	(28,422)
Interest expense, net	124	1,063	323	3,217
Other, net	(91)	(97)	(303)	(344)
Income (loss) from continuing operations before income taxes	\$ 463	\$ (16,058)	\$ (5,039)	\$ (31,295)

<i>(in thousands)</i>	As of	
	September 30, 2024	December 31, 2023
Identifiable assets		
Tubular Products	\$ 64,571	\$ 70,548
Specialty Chemicals	43,905	49,547
Corporate and other	40,084	42,339
	\$ 148,560	\$ 162,434

Note 15: Subsequent Events

On November 6, 2024, Ascent entered into a Limited Consent, Third Amendment to Credit Agreement to Loan Documents with BMO Bank N.A. under Ascent's credit facility (the "Credit Facility Amendment"). The Credit Facility Amendment reduced the maximum revolving loan commitment under the credit facility from \$80 million to \$60 million and extended the term of the credit facility through December 31, 2027. The Credit Facility Amendment also increased the interest rate for the credit facility from SOFR plus an interest rate margin of between 1.85% and 2.10% to SOFR plus an interest rate margin of between 1.85% and 2.35%, depending on average availability under the credit facility and Ascent's consolidated fixed charge coverage ratio.

Pursuant to the Credit Facility Amendment, the Company was required to pledge all of its tangible and intangible properties, including the stock and membership interests of its subsidiaries. The Credit Facility Amendment contains covenants requiring the maintenance of a minimum consolidated fixed charge coverage ratio if excess availability falls below the greater of (i) \$6.0 million and (ii) 15% of the revolving credit facility. The borrowing capacity under the amended credit facility totals \$60.0 million consisting of a \$60.0 million revolving line of credit which includes a \$7.7 million machinery and equipment sub-limit. The Company had no debt outstanding under its credit facilities as of November 6, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion and analysis summarizes the significant factors affecting our consolidated operating results, liquidity, and capital resources during the three and nine months ended September 30, 2024 and 2023, respectively. We intend for this discussion to provide the reader with information that will assist in understanding our financial statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our financial statements. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements that are included in our Annual Report on Form 10-K for the year ended December 31, 2023 (the Annual Report), as well as the condensed consolidated financial statements (unaudited) and notes to the condensed consolidated financial statements (unaudited) contained in this report. Unless otherwise specified, all comparisons made are to the corresponding period of 2023. This discussion and analysis is presented in five sections:

- Executive Overview
- Results of Operations and Non-GAAP Financial Measures
- Liquidity and Capital Resources
- Material Cash Requirements from Contractual and Other Obligations
- Critical Accounting Policies and Estimates



Executive Overview

Ascent Industries Co. is a diverse industrials company focused on the production of specialty chemicals and industrial tubular products. Ascent Industries Co. was incorporated in 1958 as the successor to a chemical manufacturing business founded in 1945 known as Blackman Uhler Industries Inc.

The Company's business is divided into two reportable operating segments, Specialty Chemicals and Tubular Products. The Specialty Chemicals segment produces specialty products for the pulp and paper, coatings, adhesives, sealants and elastomers (CASE), textile, automotive, household, industrial and institutional ("HII"), agricultural, water and waste-water treatment, construction, oil and gas and other industries. The Tubular Products segment serves markets through pipe and tube production and customers in the appliance, architectural, automotive and commercial transportation, brewery, chemical, petrochemical, pulp and paper, mining, power generation (including nuclear), water and waste-water treatment, liquid natural gas ("LNG"), food processing, pharmaceutical, oil and gas and other industries.

Munhall Closure

During the second quarter of 2023, the Board of Directors of the Company made the decision to permanently cease operations at Munhall effective on or around August 31, 2023. This strategic decision is part of the Company's ongoing efforts to consolidate manufacturing to drive an increased focus on its core operations and to improve profitability while driving operational efficiencies. Munhall results are included within discontinued operations in all periods presented.

Divestiture of Specialty Pipe & Tube, Inc.

On December 22, 2023, the Company and its wholly-owned subsidiary Specialty Pipe & Tube, Inc. ("SPT") entered into an Asset Purchase Agreement pursuant to which Ascent and SPT sold substantially all of the assets primarily related to SPT to Specialty Pipe & Tube Operations, LLC, a Delaware limited liability company. The consideration for the transaction was approximately \$55 million of cash proceeds subject to certain closing adjustments. The transaction closed on December 22, 2023. As result of the sale, SPT results of operations are classified under discontinued operations for all periods presented. Prior to the divestiture, SPT was reported under the Company's Tubular Products segment. The discussion and analysis of our results of operations refers to continuing operations unless noted.

Macroeconomic Events

Macroeconomic and inflationary pressures have negatively impacted our revenue, operating margins and net income in 2023 and 2024 to date, including increased pricing pressures within both segments of our business. During the quarter, we continued to see demand fluctuations in our end user markets resulting in decreases in volume year over year and sequentially from the second quarter, however, we continue to focus on stabilization initiatives centered around pricing and product mix optimization, strategic sourcing, labor and overhead improvements and working capital which has allowed us to achieve three consecutive quarters of positive margin expansion and setting the foundation for future growth. The ongoing factors driving volatility in global markets that could impact our business' earnings and cash flows include, but are not limited to, the misalignment of supply and demand for labor, energy, raw materials and other inputs, the inflation of (or unavailability of) raw material inputs and transportation and logistics services, currency fluctuations, interest rates and extreme weather, the purchasing of commodities and relative commodity prices. The Company continues efforts to offset these inflationary pressures and continues to implement initiatives to improve working capital and evaluate other opportunities to maintain and improve financial performance in the short and long term, however, if these inflationary and demand pressures continue, our revenue, gross and operating margins and net income (loss) will continue to be impacted for the remainder of 2024.

Results of Operations

Consolidated Performance Summary

Consolidated net sales for the third quarter of 2024 were \$42.9 million, a decrease of \$3.8 millions, or 8.2%, compared to net sales for the third quarter of 2023. The decrease in net sales was primarily driven by a 7.3% decrease in average selling prices and a 2.0% decrease in pounds shipped.

Consolidated net sales for the first nine months of 2024 were \$137.2 million, a decrease of \$14.8 million, or 9.7%, compared to net sales for the first nine month of 2023. The decrease in net sales was primarily driven by a 14.2% decrease in average selling prices partially offset by a 3.0% increase in pounds shipped.

For the third quarter of 2024, consolidated gross profit increased 116.5% to \$6.5 million, or 15.1% of sales, compared to a gross profit of \$3.0 million, or 6.4% of sales in the third quarter of 2023. For the first nine months of 2024, consolidated gross profit increased 304.2% to \$14.8 million, or 10.8% of sales, compared to \$3.7 million, or 2.4% of sales in the first nine months

of 2023. The increases in gross profit for the third quarter and first nine months of 2024 were primarily attributable to improved strategic sourcing initiatives and product line management resulting in lower raw material costs as well as labor and overhead improvements.

Consolidated selling, general, and administrative expense (SG&A) for the third quarter of 2024 decreased \$0.7 million to \$6.0 million, or 14.0% of sales, compared to \$6.7 million, or 14.3% of sales in the third quarter of 2023. The decrease in SG&A expense for the third quarter of 2024 was primarily driven by decreases in salaries, wages and benefits and credit losses partially offset by increases in incentive bonus expense.

Consolidated selling, general, and administrative expense (SG&A) for the first nine months of 2024 decreased \$0.6 million to \$19.9 million, or 14.5% of sales, compared to \$20.4 million, or 13.4% of sales in the first nine months of 2023. The decrease in SG&A expense for the first nine months of 2024 was primarily driven by decreases in salaries, wages and benefits and credit losses partially offset by increases in incentive bonus expense and professional fees.

Consolidated operating income in the third quarter of 2024 totaled \$0.5 million compared to operating loss of \$15.1 million in the third quarter of 2023. Consolidated operating loss in the first nine months of 2024 totaled \$5.0 million compared to operating loss of \$28.4 million in the first nine months of 2023. The operating income in the third quarter and the operating loss decrease in first nine months of 2024 was primarily driven by the aforementioned increase in gross profit as well as goodwill impairment within the Specialty Chemicals segment in 2023.

Specialty Chemicals

Net sales in the third quarter of 2024 totaled \$20.9 million, an increase of \$0.8 million, or 4.1%, from the third quarter of 2023. The increase was driven by a 6.1% increase in average selling prices partially offset by a 2.5% decrease in pounds shipped.

Net sales in the first nine months of 2024 totaled \$62.6 million, a decrease of \$2.5 million, or 3.9%, from the first nine months of 2023. The decrease was driven by a 9.3% decrease in average selling price offset by a 2.7% increase in pounds shipped.

Gross profit for the third quarter of 2024 increased to \$3.1 million, or 15.0% of sales, compared to \$1.9 million, or 9.3% of sales in the third quarter of 2023. Gross profit for the first nine months of 2024 increased to \$7.6 million, or 12.1% of sales, compared to \$5.7 million, or 8.8% of sales in the first nine months of 2023. The increases were primarily attributable strategic sourcing initiatives and product line management resulting in lower raw material costs as well as labor and overhead improvements.

SG&A expense for the third quarter of 2024 increased to \$2.7 million, or 13.2% of sales, compared to \$2.0 million, or 9.8% of sales in the third quarter of 2023. The increase was primarily driven by increases in corporate expense allocation and incentive bonus expense partially offset by decreases in professional fees and credit losses.

SG&A expense for the first nine months of 2024 increased to \$8.2 million, or 13.1% of sales, compared to \$5.3 million, or 8.1% of sales in the first nine months of 2023. The increase was primarily driven by increases in corporate expense allocation, incentive bonus expense and professional fees partially offset by decreases in credit losses.

Operating income increased to \$0.4 million for the third quarter of 2024 compared to operating loss of \$11.5 million for the third quarter of 2023. The current year increase in operating income was primarily driven by the aforementioned increases in gross profit and reduction in prior year goodwill impairment partially offset by increases in SG&A expenses.

Operating loss decreased to \$0.6 million for the first nine months of 2024 compared to operating loss of \$10.9 million for the first nine months of 2023. The current year decrease in operating loss was primarily driven by the aforementioned increases in gross profit and reduction in prior year goodwill impairment partially offset by increases in SG&A expenses.

Tubular Products

Net sales in the third quarter of 2024 totaled \$22.0 million, a decrease of \$4.7 million, or 17.5%, from the third quarter of 2023. The decrease was primarily driven by a 17.2% decrease in average selling prices and a 1.0% decrease in pounds shipped.

Net sales in the first nine months of 2024 totaled \$74.6 million, a decrease of \$12.2 million, or 14.1%, from the first nine months of 2023. The decrease was primarily driven by a 18.5% decrease in average selling prices partially offset by a 4.2% increase in pounds shipped.

For the third quarter of 2024, gross profit increased 177.6% to \$3.5 million, or 15.7% of sales, compared to a gross profit of \$1.2 million, or 4.7% of sales in the third quarter of 2023. For the first nine months of 2024, gross profit increased 592.1% to \$7.6 million, or 10.2% of sales, compared to a gross loss of \$1.6 million, or (1.8)% of sales in the first nine months of 2023. The increase for the third quarter and first nine months of 2024 was primarily attributable to strategic sourcing measures and product line management resulting in lower raw material costs as well as labor and overhead improvements.

SG&A expense for the third quarter of 2024 decreased to \$1.8 million, or 8.2% of sales, compared to \$1.9 million, or 7.0% of sales, in the third quarter of 2023. SG&A expense for the first nine months of 2024 increased to \$6.6 million, or 8.8% of sales, compared to \$5.7 million, or 6.5% of sales, in the first nine months of 2023. The change in the third quarter and year to date SG&A was primarily driven by increases in corporate expense allocation partially offset by decreases in salaries, wages and benefits, credit losses and professional fees.

Operating income increased to \$1.7 million for the third quarter of 2024 compared to an operating loss of \$0.6 million for the third quarter of 2023. The current year increase in operating income was primarily driven by the aforementioned increase in gross profit.

Operating income increased to \$1.0 million for the first nine months of 2024 compared to an operating loss of \$7.2 million for the first nine months of 2023. The current year decrease in operating loss was primarily driven by the aforementioned increase in gross profit partially offset by increases in SG&A expense.

Corporate & Other Items

Unallocated corporate and other expenses for the third quarter of 2024 decreased \$1.4 million, or 46.2%, to \$1.6 million, or 3.7% of sales, compared to \$3.0 million, or 6.4% of sales, in the prior year. The third quarter of 2024 decrease was primarily driven by increases in corporate allocation expenses partially offset by increases in salaries, wages and benefits, professional fees, taxes and licenses and insurance expense.

Unallocated corporate and other expenses for the first nine months of 2024 decreased \$4.6 million, or 45.8%, to \$5.4 million, or 4.0% of sales, compared to \$10.0 million, or 6.6% of sales, in the prior year. The first nine months of 2024 decrease was primarily driven by increases in corporate allocation expense as well as decreases in salaries, wages and benefits and stock compensation expense, partially offset by increases in incentive bonus expense, taxes and licenses and insurance expense.

Interest expense for the third quarter of 2024 decreased to \$0.1 million, from \$1.1 million for the third quarter of 2023. Interest expense for the first nine months of 2024 decreased to \$0.3 million, from \$3.2 million for the first nine months of 2023. The decrease is primarily related to lower outstanding debt in the current year compared to the prior year.

The effective tax rate for continuing operations was 1,612.2% and 124.4% for the three and nine months ended September 30, 2024. The three and nine months ended September 30, 2024 effective tax rate was higher than the U.S. statutory rate of 21.0% primarily due to discrete tax charges associated with the recording of a valuation allowance on cumulative U.S. federal and state deferred tax assets. During the period, the Company determined it was more likely than not that the existing cumulative deferred tax assets would be unrealizable and recorded a discrete tax charge of \$6.2 million.

Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States ("GAAP"), we use the following non-GAAP financial measures: EBITDA and Adjusted EBITDA. Management believes that these non-GAAP measures are useful because they are key measures used by our management team to evaluate our operating performance, generate future operating plans and make strategic decisions as well as allow readers to compare the financial results between periods. Non-GAAP measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and investors should consider the Company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Company. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results or financial condition as reported under GAAP.

EBITDA and Adjusted EBITDA

We define "EBITDA" as earnings before interest, income taxes, depreciation and amortization. We define "Adjusted EBITDA" as EBITDA further adjusted for the impact of non-cash and other items we do not consider in our evaluation of ongoing performance. These items include: goodwill impairment, asset impairment, gain on lease modification, stock-based compensation, non-cash lease cost, acquisition costs and other fees, shelf registration costs, loss on extinguishment of debt,

retention costs and restructuring and severance costs from net income. We caution investors that amounts presented in accordance with our definitions of EBITDA and Adjusted EBITDA may not be comparable to similar measures disclosed by other companies because not all companies calculate EBITDA and Adjusted EBITDA in the same manner. We present EBITDA and Adjusted EBITDA because we consider them to be important supplemental measures of our performance and investors' understanding of our performance is enhanced by including these non-GAAP financial measures as a reasonable basis for comparing our ongoing results of operations.

Consolidated EBITDA and Adjusted EBITDA from continuing operations are as follows:

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Consolidated				
Net loss from continuing operations	\$ (7,016)	\$ (14,678)	\$ (11,309)	\$ (26,615)
Adjustments:				
Interest expense	124	1,063	323	3,217
Income taxes	7,479	(1,380)	6,270	(4,680)
Depreciation	1,438	1,522	4,489	4,634
Amortization	372	376	1,116	1,128
EBITDA	2,397	(13,097)	889	(22,316)
Acquisition costs and other	5	—	83	277
Goodwill impairment	—	11,389	—	11,389
Gain on lease modification	(67)	—	(67)	—
Stock-based compensation	55	134	158	371
Non-cash lease expense	60	63	171	190
Retention expense	—	6	4	6
Restructuring and severance cost	—	—	208	90
Adjusted EBITDA	\$ 2,450	\$ (1,505)	\$ 1,446	\$ (9,993)
% of sales	5.7 %	(3.2)%	1.1 %	(6.6)%

Specialty Chemicals EBITDA and Adjusted EBITDA are as follows:

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Specialty Chemicals				
Net income (loss)	\$ 367	\$ (11,498)	\$ (682)	\$ (10,974)
Adjustments:				
Interest expense	19	21	57	52
Depreciation	945	942	2,863	2,850
Amortization	174	159	522	475
EBITDA	1,505	(10,376)	2,760	(7,597)
Acquisition costs and other	—	—	—	2
Goodwill impairment	—	11,389	—	11,389
Stock-based compensation	—	3	7	(13)
Non-cash lease expense	19	23	58	69
Restructuring and severance costs	—	—	109	—
Specialty Chemicals Adjusted EBITDA	\$ 1,524	\$ 1,039	\$ 2,934	\$ 3,850
% of segment sales	7.3 %	5.2 %	4.7 %	5.9 %

Tubular Products EBITDA and Adjusted EBITDA from continuing operations are as follows:

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Tubular Products				
Net income (loss) from continuing operations	\$ 1,653	\$ (620)	\$ 1,040	\$ (7,215)
Adjustments:				
Depreciation	476	558	1,566	1,717
Amortization	198	218	594	653
EBITDA	2,327	156	3,200	(4,845)
Acquisition costs and other	3	—	29	—
Stock-based compensation	—	2	11	(15)
Non-cash lease expense	25	31	75	93
Restructuring and severance costs	—	—	31	84
Tubular Products Adjusted EBITDA	\$ 2,355	\$ 189	\$ 3,346	\$ (4,683)
% of segment sales	10.7 %	0.7 %	4.5 %	(5.4)%

Liquidity and Capital Resources

We closely manage our liquidity and capital resources. Our liquidity requirements depend on key variables, including level of investment required to support our business strategies, the performance of our business, capital expenditures, credit facilities and working capital management. Capital expenditures and share repurchases are a component of our cash flow and capital management strategy which we can adjust in response to economic and other changes in our business environment. We have a disciplined approach to capital allocation focusing on priorities that support our business and growth.

Sources of Liquidity

Funds generated by operating activities supplemented by our available cash and cash equivalents and our credit facilities are our most significant sources of liquidity. As of September 30, 2024, we held \$8.5 million of cash and cash equivalents, as well as \$57.5 million of remaining available capacity on our revolving line of credit. We believe our sources of liquidity will be sufficient to fund operations and anticipated capital expenditures as well as repay our debt obligations as they become due over the next 12 months and beyond.

Cash Flows

Cash flows from continuing operations were as follows:

(in thousands)	Nine Months Ended September 30,	
	2024	2023
Total cash provided by (used in):		
Operating activities	\$ 7,445	\$ 4,002
Investing activities	(1,281)	(2,411)
Financing activities	(678)	(19,433)
Net increase (decrease) in cash and cash equivalents	\$ 5,486	\$ (17,842)

Operating Activities

The increase in cash provided by operating activities for the nine months ended September 30, 2024, compared to cash provided by operating activities in the nine months ended September 30, 2023, was primarily driven changes in working capital partially offset by decreases in net losses year over year. Changes in working capital can vary significantly depending on factors such as the timing of inventory production and purchases, customer payments of accounts receivable and payments to vendors in the regular course of business. Inventory increased operating cash flows for the first nine months of 2024 by \$8.0 million compared to an increase of \$5.9 million for the first nine months of 2023, while accounts payable decreased operating cash flows by \$4.2 million for the first nine months of 2024, compared to an \$8.9 million increase in the first nine months of

2023. The changes in inventory and accounts payable is primarily driven by lower inventory purchases to match inventory levels with sales, partially offset by higher inventory turns year-over-year and decreases in days payables outstanding on a nine-month average basis. Accounts receivable decreased operating cash flows by \$1.3 million in the first nine months of 2024 compared to a \$3.8 million increase in the first nine months of 2023. The decrease in cash generated by accounts receivable is primarily driven by a decrease in sales partially offset by a decrease in days sales outstanding compared to the first nine months of 2023.

Investing Activities

Net cash used in investing activities primarily consists of transactions related to capital expenditures. The decrease in cash used in investing activities for the nine months ended September 30, 2024 compared to the cash used in investing activities for the nine months ended September 30, 2023 was driven by decreases in capital expenditures in the current year compared to the prior year.

Financing Activities

Net cash used in financing activities primarily consists of transactions related to our long-term debt. The decrease in cash used in financing activities for the nine months ended September 30, 2024 compared to cash used in financing activities for the nine months ended September 30, 2023 was primarily driven by decreased total borrowings and repayments under the Company's credit facility compared to the prior year.

Short-term Debt

The Company has a note payable in the amount of \$0.9 million with an annual interest rate of 3.70% maturing April 1, 2025, associated with the financing of the Company's insurance premium in 2024. As of September 30, 2024, the outstanding balance was \$0.6 million.

Long-term Debt

During the fourth quarter of 2023, the Company entered into a Limited Consent, Second Amendment to Credit Agreement and Omnibus Amendment to Loan Documents with BMO Bank N.A. and the other lenders under the Company's credit facility (the "Credit Facility Amendment"). The Credit Facility Amendment contains a consent for the SPT divestiture, released the lien on the assets of SPT and removed SPT as a loan party. The Credit Facility Amendment also reduced the maximum revolving loan commitment under the credit facility from \$105 million to \$80 million, and increased the interest rate for the credit facility from SOFR plus an interest rate margin of between 1.60% and 1.70% to SOFR plus an interest rate margin of between 1.85% and 2.10%, depending on average availability under the credit facility and the Company's consolidated fixed charge coverage ratio. The Company had no debt outstanding under its credit facilities as of September 30, 2024 and December 31, 2023.

The Credit Agreement contains covenants requiring the maintenance of a minimum consolidated fixed charge coverage ratio if excess availability falls below the greater of (i) \$7.5 million and (ii) 10% of the revolving credit facility (currently \$8.0 million). As of September 30, 2024, the Company was in compliance with all financial debt covenants. See [Note 8](#) in the notes to the unaudited condensed consolidated financial statements for additional information on the Company's line of credit.

Share Repurchases and Dividends

We have a share repurchase program, authorized by the Company's Board of Directors, that is executed through purchases made from time to time at prevailing market prices, through open market or privately negotiated transactions, depending on market conditions. Shares repurchased are returned to status of authorized, but unissued shares of common stock or held in treasury. As of September 30, 2024, the Company has 462,685 shares of its share repurchase authorization remaining.

Shares repurchased for the three and nine months ended September 30, 2024 and 2023 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Number of shares repurchased	42,623	44,799	74,186	95,955
Average price per share	\$ 9.79	\$ 8.87	\$ 9.92	\$ 9.38
Total cost of shares repurchased	\$ 418,563	\$ 398,861	\$ 738,361	\$ 903,012

At the end of each fiscal year the Board of Directors reviews the financial performance and capital needed to support future growth to determine the amount of cash dividend, if any, which is appropriate. In 2023, no dividends were declared or paid by the Company.

Other Financial Measures

Below are additional financial measures that we believe are important in understanding the Company's liquidity position from year to year. The metrics are defined as:

Liquidity Measure:

- Current ratio = current assets divided by current liabilities. The current ratio will be determined by the Company using generally accepted accounting principles, consistently applied.

Leverage Measure:

- Debt to capital = total debt divided by total capital. The debt to capital ratio will be determined by the Company using generally accepted accounting principles, consistently applied.

Profitability Ratio:

- Return on average equity ("ROAE") = net income divided by the trailing 12-month average of equity. The ROAE will be determined by the Company using generally accepted accounting principles, consistently applied.

Results of these additional measures are as follows:

	September 30, 2024	December 31, 2023
Current ratio	3.8	3.7
Debt to capital	—%	—%
Return on average equity	(14.4)%	(38.6)%

Material Cash Requirements from Contractual and Other Obligations

As of September 30, 2024, our material cash requirements for our known contractual and other obligations were as follows:

- *Operating and Finance Leases* - The Company enters into various lease agreements for the real estate and manufacturing equipment used in the normal course of business. Operating and finance lease obligations were \$33.3 million, with \$1.7 million payable within 12 months. See [Note 9](#) for further detail of our lease obligations and the timing of expected future payments.

The Company has no off-balance sheet arrangements that are reasonably likely to have a material current or future effect on the Company's financial position, revenues, results of operations, liquidity, or capital expenditures. We expect capital spending to be as much as \$0.8 million for the remainder of fiscal 2024.

Critical Accounting Policies and Estimates

We describe our significant accounting policies in Note 1, *Summary of Significant Accounting Policies*, in the notes to the consolidated financial statements presented in the Annual Report on Form 10-K for the year ended December 31, 2023. We discuss our critical accounting estimates in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, in the Annual Report on Form 10-K for the year ended December 31, 2023. There have been no significant changes in our significant accounting policies or critical accounting estimates since the end of fiscal 2023.

Item 3. Quantitative and Qualitative Disclosures about Market Risks

We are a smaller reporting company as defined in Rule 12b-2 of the Exchange Act; therefore, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The term “disclosure controls and procedures” is defined in Rule 13a-15(e) of the Exchange Act as “controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC rules and forms.” The Company’s disclosure controls and procedures are designed to ensure that material information relating to the Company and its consolidated subsidiaries is accumulated and communicated to its management, including its Chief Executive Officer and its Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. The Company’s management, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the Company’s disclosure controls and procedures as of September 30, 2024. Based upon that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were not effective as of September 30, 2024, because of the previously reported material weaknesses in internal control over financial reporting, as described below.

Previously Reported Material Weaknesses in Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15f-15(f). As reported in our 2023 Form 10-K, we did not maintain effective internal control over financial reporting as of December 31, 2023 as a result of material weaknesses in the control environment and control activities areas. A material weakness (as defined in Rule 12b-2 under the Exchange Act) is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Refer to our 2023 Form 10-K for a description of our material weaknesses.

Ongoing Remediation Efforts to Address Material Weaknesses

Our material weaknesses were not remediated at September 30, 2024. Our Board of Directors and management are committed to the continued implementation of remediation efforts to address the material weaknesses. The Company has a remediation plan which includes designing and implementing review and approval controls over the data utilized in various accounting processes, controls that will address the accuracy, timely recording and completeness of data used in the determination of significant accounting estimates, reserves and valuations in accordance with U.S. GAAP, controls that will address the sufficient review of complex accounting areas and controls that will address the monitoring of general information technology areas including user access, cyber security and segregation of duties.

The following steps are among the measures being taken by the Company with a number of these initiatives directly related to strengthening our controls and addressing specific control deficiencies which contributed to the material weaknesses. The steps to remediate the deficiencies underlying the material weaknesses include:

- Engaging an outside service provider to assist management with the remediation efforts including to help review and make recommendations with respect to the redesign and implementation of our internal controls over general information technology controls, including user access provisioning, cyber-security and segregation of duties
- Enhancing/designing/implementing controls over the inventory, revenue recognition and accounts receivable, period-end financial reporting, account analyses, and journal entry processes
- Enhancing/designing/implementing controls over accounting for income taxes

The Audit Committee of the Board of Directors is monitoring management's ongoing remediation efforts. With the Audit Committee's oversight, management has dedicated significant resources and efforts to improve our internal control environment to remedy the identified material weaknesses. As we continue to evaluate and implement improvements to our internal control over financial reporting, our management may decide to take additional measures to address our control deficiencies or to modify the remediation efforts undertaken. Because the reliability of the internal control process requires repeatable execution, our material weaknesses cannot be considered fully remediated until all remedial processes and procedures (including additional remediation efforts identified by our senior management as necessary) have been

implemented, each applicable control has operated for a sufficient period of time and management has concluded, through testing, that the controls are operating effectively. Until all identified material weaknesses are remediated, we will not be able to assert that our internal controls are effective.

Changes in Internal Control over Financial Reporting

Other than the ongoing remediation efforts described above, there have been no changes in the Company's internal control over financial reporting during the three months ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II

Item 1. Legal Proceedings

It is not unusual for us and our subsidiaries to be involved in various unresolved legal actions, administrative proceedings and claims in the ordinary course of business involving, among other things, product liability, commercial, employment, workers' compensation, and environmental matters. With respect to such lawsuits, claims and proceedings, the Company records reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. We cannot predict with any certainty the outcome of these unresolved legal actions or, in some cases, the range of possible loss or recovery. Information pertaining to legal proceedings can be found in [Note 13](#) - Commitments and Contingencies in the notes to the unaudited condensed consolidated financial statements, and is incorporated by reference herein

Item 1A. Risk Factors

There were no material changes in our assessment of risk factors as discussed in Part I, Item 1A in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table sets forth information with respect to purchases of the Company's common stock on a trade date basis made during the three months ended September 30, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs ¹	Number of Shares that May Yet Be Purchased under the Program
July 1, 2024 - July 31, 2024	—	\$ —	—	505,308
August 1, 2024 - August 31, 2024	22,056	10.11	22,056	483,252
September 1, 2024 - September 30, 2024	20,567	9.45	20,567	462,685
As of September 30, 2024	42,623	\$ 9.79	42,623	462,685

¹Pursuant to the 790,383 share stock repurchase program re-authorized by the Board of Directors in December 2022. The stock repurchase program expires in February 2025 and there is no guarantee to the exact number of shares that will be repurchased by the Company over that period. See [Note 10](#) for additional information.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

During the three and nine months ended September 30, 2024, none of the Company's directors or executive officers adopted or terminated any contract, instruction, or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" (as those terms are defined in Regulation S-K, Item 408).

Item 6. Exhibits

Exhibit No.	Description
10.1	Fourth Amended and Restated Master Lease Agreement, dated August 28, 2024, between Registrant and Store Master Funding XII, LLC
31.1	Rule 13a-14(a)/15d-14(a) Certifications of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer
32.1	Certifications Pursuant to 18 U.S.C. Section 1350
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL document and included in Exhibit 101*)
	* In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed "furnished" and not "filed."



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.

ASCENT INDUSTRIES CO.
(Registrant)

Date: November 12, 2024

By: /s/ J. Bryan Kitchen
J. Bryan Kitchen
President and Chief Executive Officer
(principal executive officer)

Date: November 12, 2024

By: /s/ Ryan Kavalaukas
Ryan Kavalaukas
Chief Financial Officer
(principal accounting officer)



FOURTH AMENDED AND RESTATED MASTER LEASE AGREEMENT

THIS FOURTH AMENDED AND RESTATED MASTER LEASE AGREEMENT (this "Lease") is made as of August 28, 2024 (the "Effective Date"), by and between **STORE MASTER FUNDING XII, LLC**, a Delaware limited liability company ("Lessor"), whose address is 8377 E. Hartford Drive, Suite 100, Scottsdale, Arizona 85255, and **ASCENT INDUSTRIES CO.**, a Delaware corporation ("Lessee"), whose address is 20 N. Martingale Rd., Suite 430, Schaumburg, Illinois 60173. Capitalized terms not defined herein shall have the meanings set forth in Exhibit A hereto.

This Lease amends and restates in its entirety that certain Third Amended and Restated Master Lease Agreement dated September 10, 2020 (which amended and restated that certain Second Amended and Restated Master Lease Agreement dated January 2, 2019, which amended and restated that certain Amended and Restated Master Lease Agreement dated June 29, 2018, which amended that certain Master Lease Agreement dated September 30, 2016) (collectively, together with any and all amendments thereto (the "Original Lease") by and between Lessor and Lessee (formerly known as Synalloy Corporation). The terms of the Original Lease shall remain in force and effect as to the period ending on 11:59 P.M. prior to the Effective Date hereof. The terms contained in this Lease shall apply to and be effective with respect to the period from and after the Effective Date, without novation, replacement or substitution of the Original Lease, and the leasehold estate of Lessee shall mean the leasehold estate commencing under the Original Lease.

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. September 30, 2036.

Section 1.03. Extension Options. Two (2) extensions of ten (10) years each, as described in Section 3.02.

Section 1.04. Term Expiration Date (if fully extended). September 30, 2056.

Section 1.05. Current Base Annual Rental. \$3,452,441.00, as described in Article IV.

Section 1.06. Rental Adjustment. The lesser of (i) 2.00%, or (ii) 1.25 times the change in the Price Index, as described in Section 4.02.

Section 1.07. Adjustment Date. October 1, 2024 and annually thereafter during the Lease Term (including any Extension Term).

PH 3519453.2

STORE/Ascent
4th A&R Master Lease Agreement
9 Properties in OH, NC, PA, SC, TN and TX

Section 1.08. Guarantor. None.

Section 1.09. Lessee Tax Identification No. 57-0426694.

Section 1.10. Lessor Tax Identification No. 81-2113691.

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, 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 remaining term of this Lease ("Initial Term") shall expire at midnight on September 30, 2036, 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 two (2) additional successive periods of ten (10) 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 only 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 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 all personal property belonging to Lessee. Lessee shall repair any damage caused by such removal and shall leave all of the Properties clean and in good and working condition and repair inside and out, subject to normal wear and tear, casualty and condemnation. Any property of Lessee left on the Properties on the tenth day following the expiration of the Lease Term shall, at Lessor's option, automatically and immediately become the property of Lessor.

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 delivery or presentation of an invoice to Lessee and demand for payment thereof or, if earlier, when the same are due, provided, if the invoice for such amount has been delivered to Lessor, Lessor has forwarded the same to Lessee upon receipt. 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 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 payment not made within three (3) days of the date due 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). Any payment not made within five (5) days of the due date shall also 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.

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 corporation to do business in any jurisdiction where such qualification is required. All necessary corporate 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 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 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 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 by applicable Governmental Authorities having jurisdiction over the Properties against or imposed upon the Properties, 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 or any part thereof and upon any personal property, trade fixtures and improvements 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 by Lessee; (iii) all excise, franchise, transaction, privilege, 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 or gross rental income of Lessor or for any margin tax in the State of Texas.

(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, including, without limitation, the amount or validity or application, in whole or in part, of such item, 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 during the Lease Term. Under no circumstances shall Lessor be responsible for any interruption of any utility service.

Section 6.03. Insurance. TO BE REVIEWED BY LESSOR'S INSURANCE CONSULTANT AND MODIFIED, IF NECESSARY, TO FIT TRANSACTION

(a) **Coverage.** Throughout the Lease Term, Lessee shall maintain, with respect to each of the Properties, 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, costs to demolish and the increased costs of construction if any of the improvements located on, or the use of, the Properties 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 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 in the amount of \$1,000,000 or, if the amount required by state statute in the applicable Property's location is less, such lesser coverage amount, covering all persons employed by Lessee on the Properties in connection with any work done on or about any of the Properties 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) Automobile liability insurance, including owned, non-owned and hired car liability insurance for combined limits of liability of \$5,000,000 per occurrence. The limits of liability can be provided in a combination of an automobile liability policy and an umbrella liability policy.

(vi) Comprehensive Boiler and Machinery or Equipment Breakdown Insurance against loss or damage from explosion of any steam or pressure boilers or similar apparatus, if any, and other building equipment including HVAC units 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.

(vii) 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, except for property insurance and workers' compensation insurance which may have a deductible up to \$250,000;

(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) provide that the insurer shall not have the option to restore the Properties if Lessor elects to terminate this Lease in accordance with the terms hereof;

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

(viii) 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;

(ix) 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

(x) 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 6.03 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 of 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 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 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 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) (i) ensuring that no party encroaches upon any Property, and (ii) prosecuting any claims that Lessee seeks to bring against any Person relating to Lessee's use and possession of any Property; and (e) 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.

Section 7.02. Alterations and Improvements. During the Lease Term, Lessee shall not alter the exterior, structural, plumbing or electrical elements of the Properties in any manner without the consent of Lessor, which consent shall not be unreasonably withheld, delayed or conditioned; *provided, however,* Lessee may undertake nonstructural alterations to the Properties, individually, costing \$250,000 or less without Lessor's prior written consent. 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 and according to plans and specifications approved by Lessor and subject to such other conditions as Lessor shall reasonably require. Any work at any time commenced by Lessee on the Properties 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 individually costing more than \$250,000, 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 related documents or information reasonably requested by Lessor. Lessee shall keep the Properties free from any liens arising out of any work performed on, or materials furnished to, the Properties. 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. Any addition to or alteration of the Properties shall be deemed a part of the Properties and belong to Lessor, and Lessee shall execute and deliver to Lessor such instruments as Lessor may require to evidence the ownership by Lessor of such addition or alteration. Lessor and Lessee acknowledge and agree that their relationship is and shall be solely that of "Lessor-Lessee" (thereby excluding a relationship of "owner-contractor," "owner-agent" or other similar relationships). Accordingly, all materialmen, contractors, artisans, mechanics, laborers and any other persons now or hereafter contracting with Lessee, any contractor or subcontractor of Lessee or any other Lessee party for the furnishing of any labor, services, materials, supplies or equipment with respect to any portion of the Properties at any time from the date hereof until the end of the Lease Term, are hereby charged with notice that they look exclusively to Lessee to obtain payment for same.

Section 7.03. Encumbrances. During the Lease Term, following reasonable prior notice to Lessee, Lessor shall have the right to grant easements on, over, under and above the Properties, provided that such easements will not materially interfere with Lessee's use of the Properties. Lessee shall comply with and perform all obligations of Lessor under all easements, declarations, covenants, restrictions and other items of record now or hereafter encumbering the Properties; *provided, however,* that Lessor shall provide prior written notice to Lessee of any easements, declarations, covenants, and restrictions to which Lessor subjects the Property. Without Lessor's prior written consent, 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, 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, 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 AND HAVE NOT BEEN BREACHED. LESSEE SHALL IMMEDIATELY NOTIFY LESSOR IN WRITING IF ANY OF SUCH REPRESENTATIONS, WARRANTIES OR COVENANTS ARE NO LONGER TRUE 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 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, EXCLUDING LOSSES SUFFERED BY AN INDEMNIFIED PARTY ARISING OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY.

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) Lessee shall permit no uses or operations on or of the Properties, whether by Lessee or any other Person, that are not in compliance with all Environmental Laws and permits issued pursuant thereto.

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

(C) Lessee shall permit 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) constitutes a public or private nuisance or constitutes waste, (6) violates any covenant, condition, agreement or easement applicable to the Properties, or (7) 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 8.03,

including but not limited to providing all relevant information and making knowledgeable persons available for interviews.

(G) Lessee shall, at its sole cost and expense, comply with the terms and provisions of and perform all obligations and covenants set forth in the Consent Order.

(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.** During the Lease Term, 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, EXCLUDING LOSSES SUFFERED BY AN INDEMNIFIED PARTY ARISING OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY. 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 FOR TWO (2) YEARS PURSUANT TO SUBSECTION 8.03(G) BELOW.

(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 during business hours with reasonable prior notice 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; provided, however, that such entry does not unreasonably interfere with Lessee's operations or impose any risk on persons on the Properties. 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) ***Environmental Insurance.*** Throughout the Lease Term, Lessor shall have the right, at its sole cost and expense, to maintain an Environmental Policy with respect to the Properties. Upon expiration of an Environmental Policy, Lessee shall reasonably cooperate with Lessor in connection with Lessor's renewal or replacement of such Environmental Policy and allow for any necessary environmental investigations of the Properties.

(g) ***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 for a period of two (2) years.

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 (not to exceed the amount of \$5,000 per instance), and collect its reasonable and actual attorneys' fees, costs and expenses in connection with (a) any extension, renewal, modification, amendment 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; (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 (at least 24 hours) 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; provided, however, that such inspections shall not unreasonably interfere with the business of Lessee or impose any risk on any people or property at the Properties. 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 forty five (45) 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 (i) complete 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; (ii) income statements for the business at each of the Properties; and (iii) the supplemental financial information set forth on Schedule 9.03. 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 Lessee Reporting Entity. In the event that 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. The financial statements delivered to Lessor need not be audited, but Lessee shall deliver to Lessor copies of any audited financial statements of the Lessee Reporting Entities which may be prepared, as soon as they are available.

(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 including, but not limited to, as requested by Lessor 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, Lessee shall, promptly and in no event later than ten (10) Business 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 UNLESS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LESSOR OR LESSOR'S AGENTS, EMPLOYEES OR CONTRACTORS. 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, 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, (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 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 the Property to and from the publicly dedicated roads adjacent to the 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 the 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.** Subject to Section 11.07 below, Lessor shall be entitled to receive the entire Net Award in connection with a Total Condemnation 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) **Right to Termination.** Notwithstanding any other provision to the contrary contained in this Article XI, in the event that, as a result of a Casualty in the last year of the Lease Term, Lessee shall reasonably estimate in the exercise of good faith business judgment that the applicable Property cannot be used for the same purpose and substantially with the same utility as before such Casualty (and Lessee provides to Lessor an officer's certificate executed by an officer of Lessee certifying to the same), then, subject to the terms and conditions set forth in this subsection (c), Lessee shall have the right, exercisable by written notice given to Lessor no later than thirty (30) days following such Casualty, to terminate this Lease with respect to such damaged Property (and in connection with such termination, the Base Annual Rental shall be reduced as set forth in Section 11.03() below). If Lessee elects to terminate, this Lease shall terminate with respect to such Property as of the last day of the month during which such thirty (30) day period expired. Lessee shall vacate and surrender such Property by such termination date, in accordance with the provisions of this Lease, and all obligations of either party hereunder with respect to such Property shall cease as of the date of termination; provided, however, Lessee's obligations to the Indemnified Parties under any indemnification provisions of this Lease with respect to such Property and Lessee's obligations 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 subject to, and in accordance with, the terms hereof. In such event, Lessor may retain all Net Awards related to the Casualty, and Lessee shall immediately pay Lessor an amount equal to the insurance deductible applicable to any Casualty.

(d) **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), but only if such claim or award does not adversely affect or interfere with the prosecution of Lessor's claim for the Condemnation or Casualty, or otherwise reduce the amount recoverable by Lessor for the Condemnation or Casualty.

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, or if Lessee renders any materially false statement or account when made;

(b) if any Rental or other Monetary Obligation due under this Lease is not paid when due if such failure continues for more than three (3) Business Days after written notice from Lessor; provided, however, Lessor shall only be required to provide such notice twice in any twelve (12) month period; *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 one (1) Business Day 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;

(d) if Lessee vacates or abandons any Property;

(e) if there is an Insolvency Event affecting Lessee;

(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 does not involve the payment of any Monetary Obligation, is not willful or intentional, does not place any Property or any rights or property of Lessor in immediate jeopardy,

and 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 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.

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 or all personal property or 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 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 reasonable and actual 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;

(d) 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;

(e) 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;

(f) 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;

(g) 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 seek the appointment of a receiver under and subject to 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 and the Personalty; and/or

(h) 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 ALL OR ANY PART OF THE PROPERTIES OR LESSEE'S LEASEHOLD INTEREST THEREIN, 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 ground leases and 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 ground leases and 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 ground leases or 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 as long as Successor Lessor recognizes Lessee's rights hereunder and does not disturb Lessee, 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 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 and include Successor Lessor's express assumption of all Lessor's obligations 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. No 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. Subject to Section 14.02(b), 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, which may not be unreasonably conditioned, delayed or withheld. 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, which shall not be unreasonably conditioned, delayed or withheld. 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. Lessor shall review and provide approval or reasons for withholding approval of an assignment within fifteen (15) days of Lessee's request for approval.

(b) Notwithstanding anything to the contrary contained in Section 14.02(a) above 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 and reaffirms all the representations and warranties contained herein, a Lessee entity shall have the right to assign or otherwise transfer its interest in, to and under this Lease without Lessor's consent to (i) an Affiliate of Lessee, or (ii) any entity which purchases or otherwise acquires all or substantially all of the assets or equity interest of such Lessee entity in a bona fide sale for fair market value. In no event shall Lessee shall be released from liability under this Lease without the prior written consent of Lessor.

Section 14.03. No Sale of Assets. Without the prior written consent of Lessor, Lessee shall not sell all or substantially all of Lessee's assets such that Lessee can no longer operate its business at the Properties, except in connection with an assumption of this Lease pursuant to Section 14.02(b) above. 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. Subletting. Provided no Event of Default has occurred and is continuing, Lessee shall have the right to sublease any or all of the Properties; provided, however, (i) the term of any such sublease shall not extend beyond the Lease Term; (ii) the sublease shall be for no use other than a Permitted Facility; (iii) the sublease shall be subject and subordinate to this Lease and shall not contain any terms inconsistent with this Lease; (iv) Lessee shall at all times remain fully and primarily liable under this Lease; (v) the rent due under such sublease shall be fixed rent and shall not be based on the net profits of the sublessee; and (vi) the sublease is approved by Lessor, which approval shall not be unreasonably withheld, conditioned or delayed (each, a "Sublease"). As security for the payment and performance by Lessee of its obligations under this Lease, Lessee hereby assigns, transfers, sets over and grants to Lessor, a security interest in any and all of Lessee's right, title and interest, powers, privileges and other benefits as landlord under the Subleases, including, without limitation: (i) rent and proceeds thereof; (ii) the right to enter upon, take possession of and use any and all property subleased or granted by Lessee under the Subleases; (iii) the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of any default giving rise to a right in favor of Lessee under the Subleases; and (iv) the right to do any and all other things whatsoever which Lessee is or may become entitled to do under the Subleases. Upon the occurrence of and during the continuance of an Event of Default hereunder, Lessee agrees that, at the option of Lessor and in addition to such other rights and remedies as may be afforded to Lessor under this Lease, Lessor shall have the right, without giving notice to or obtaining the consent of Lessee, to exercise, enforce or avail itself of any of the rights, powers, privileges, authorizations or benefits assigned and transferred to Lessor pursuant to this Section 14.04, including, without limitation, the right to collect all amounts due under the Subleases. From and after the occurrence of an Event of Default, Lessee does hereby irrevocably appoint Lessor as Lessee's true and lawful attorney, with full power (in the name of Lessee or otherwise) to ask, require, demand, receive and give acquittance for every payment under or arising out of the Subleases to which Lessee is or may become entitled. Lessee declares that this appointment is coupled with an interest and shall be irrevocable by Lessee. Lessee further agrees to execute any and all other instruments deemed reasonably necessary by Lessor to further the intent of the foregoing assignment and to vest Lessor in the Subleases. Notwithstanding any provision contained in this Section 14.04, (i) Lessor shall not be obligated to perform or discharge any obligation, duty or liability under the Subleases by reason of the foregoing assignment; and (ii) Lessor shall not be liable or responsible for, and Lessee agrees to indemnify and hold Lessor harmless from and against any liability, loss, cost or damage, claim or demand against Lessor arising, directly or indirectly, from or related to the Subleases.

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: Ascent Industries Co.
20 N. Martingale Rd., Suite 430
Schaumburg, Illinois 60173
Attention: Bryan Kitchen
Email: jbkitchen@ascentco.com

With a copy to: Ascent Industries Co.
20 N. Martingale Rd., Suite 430
Schaumburg, Illinois 60173
Attention: Kimberly Portnoy
Email: kportnoy@ascentco.com

If to Lessor: STORE Master Funding XII, LLC
8377 E. Hartford Drive, Suite 100
Scottsdale, AZ 85255
Attention: Asset Management
Email: customerservice@storecapital.com

With a copy to: Kutak Rock LLP
1801 California Street, Suite 3000
Denver, CO 80202
Attention: Nathan Humphrey, Esq.
Email: nathan.humphrey@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

RIGHT OF FIRST REFUSAL

Section 16.01. Offer. Subject to the terms and conditions set forth in this Article XVI, if Lessor desires to sell any Property and receives a bona fide written offer from a third party which offer is in all respects acceptable to Lessor, Lessor shall deliver a complete copy of such bona fide third party offer to Lessee ("Third Party Offer"). Within fifteen (15) days of Lessee's receipt of such Third Party Offer from Lessor, and a written statement of Lessor's desire to sell the Property in accordance with such Third Party Offer, Lessee shall have the right to deliver an offer to Lessor ("Purchase Offer") to purchase Lessor's interest in any such Property for the amount of the bona fide third party offer to purchase such Property (the "Subject Purchase Price"). Lessee shall complete such purchase, subject to the satisfaction of each of the terms and conditions set forth in Section 16.02 below.

Section 16.02. Conditions Precedent.

(a) The purchase of Lessor's interest in a Property pursuant to Section 16.01 shall be subject to the fulfillment of all of the following terms and conditions: (1) no

monetary Event of Default shall have occurred and be continuing under this Lease or other Transaction Documents; (2) Lessee shall have paid to Lessor the Subject Purchase Price, together with all Rental and other Monetary Obligations then due and payable under this Lease as of the date of the closing of such purchase; (3) in addition to payment of the Subject Purchase Price, Lessee shall have satisfied its obligations under Section 16.03 below; and (4) the date of the closing of such purchase shall occur on the next scheduled Base Monthly Rental payment date that is at least thirty (30) days following Lessor's receipt of Lessee's written notice of its exercise of its right to purchase the Property pursuant to Section 16.01.

(b) On the date of the closing of the purchase of a Property pursuant to this Section (the "Purchase Closing Date"), subject to satisfaction of the foregoing conditions: (1) this Lease shall be deemed terminated with respect to the Property and the Base Annual Rental shall be reduced by an amount equal to the Lease Rate multiplied by the Subject Purchase Price; *provided, however*, such termination shall not limit Lessee's obligations to Lessor under any indemnification provisions of this Lease and Lessee's obligations to pay any Monetary Obligations (whether payable to Lessor or a third party) accruing under this Lease with respect to such Property prior to the Purchase Closing Date shall survive the termination of this Lease; and (2) Lessor shall convey such Property to Lessee "as is" by special warranty deed, subject to all matters of record (except for any consensual liens granted by Lessor other than those granted by Lessor at the request of Lessee), and without representation or warranty.

Section 16.03. Costs. Lessee shall be solely responsible for the payment of all Costs resulting from any proposed purchase pursuant to this Article XVI, regardless of whether the purchase is consummated, including, without limitation, to the extent applicable, the cost of title insurance and endorsements, including, survey charges, stamp taxes, mortgage taxes, transfer taxes and fees, escrow and recording fees, taxes imposed on Lessor as a result of such purchase, the attorneys' fees of Lessee and the reasonable attorneys' fees and expenses of counsel to Lessor.

Section 16.04. Termination of Right. NOTWITHSTANDING ANYTHING TO THE CONTRARY, LESSEE'S RIGHTS UNDER THIS ARTICLE XVI SHALL TERMINATE AND BE NULL AND VOID AND OF NO FURTHER FORCE AND EFFECT IF (i) LESSEE FAILS TO EXERCISE THE RIGHT GRANTED PURSUANT TO THIS ARTICLE, AND THE SALE TO THE THIRD PARTY PURCHASER IS CONSUMMATED; (ii) THIS LEASE TERMINATES OR THE LEASE TERM EXPIRES; OR (iii) THE PROPERTY IS 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 SUCH OTHER DOCUMENTS AS LESSOR SHALL REASONABLY REQUEST EVIDENCING THE TERMINATION OF ITS RIGHT UNDER THIS ARTICLE XVI.

Section 16.05. Attornment. If Lessee does not deliver its Purchase Offer to purchase the Property and the Property is transferred to a third party purchaser, Lessee will attorn to any third party purchaser as Lessor so long as such third party purchaser and Lessor notify Lessee in writing of such transfer. At the request of Lessor, Lessee will execute such documents confirming the agreement referred to above and such other agreements as Lessor may

reasonably request, provided that such agreements do not increase the liabilities and obligations of Lessee hereunder.

Section 16.06. Exclusions. The provisions of this Article XVI shall not apply to or prohibit (i) any mortgages or other hypothecation of Lessor's interest in the Property; (ii) any sale of the Property pursuant to a private power of sale under or judicial foreclosure of any mortgage or other security instrument or device to which Lessor's interest in the Property is now or hereafter subject; (iii) any transfer of Lessor's interest in the Property to a mortgagee or other holder of a security interest therein or their designees by deed in lieu of foreclosure; (iv) any transfer of the Property to any governmental or quasi-governmental agency with power of Condemnation; (v) any transfer of the Property to any Affiliate of Lessor; (vi) any transfers of interests in Lessor by any member, shareholder, partner or other owner to any other member, shareholder, partner or other owner; and (vii) any transfers to any Person to whom Lessor sells all or substantially all of its assets.

ARTICLE XVII

EXCESS LAND

Section 17.01. Option. Lessee shall have a one-time option to give Lessor notice (an "Option Notice") of Lessee's election to purchase all or any portion of that area of the Statesville, NC Property, that is not utilized in connection with the operation of the Permitted Facility at such Property (as generally depicted in Schedule 17.01 attached hereto, in each instance, the "Purchase Option Area") for a price equal to its Fair Market Value. The closing for any such purchase must occur within one hundred twenty (120) days following Lessor's receipt of an Option Notice, but in no event shall closing occur later than the expiration of the Term. The closing of any purchase pursuant to this Article XVII shall be conditioned upon (i) no Event of Default continuing at the time of the applicable closing, (ii) no Material Adverse Effect on the remainder of such Property stemming from such purchase, including ingress and egress, and (iii) Lessee obtains all necessary approvals from Governmental Authorities to create a legal parcel that may be separately conveyed and leaves Lessor with a legal parcel that may be separately conveyed, as approved by Lessor in its reasonable discretion, which approvals shall be at the sole costs and expense of Lessee. Lessor agrees, assents and covenants to assist in good faith, but at no cost or expense to Lessor, with Lessee's obtaining of all necessary approvals from Government Authorities to create a legal parcel that may be separately conveyed.

Section 17.02. Closing. Upon any 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 special or limited warranty deed conveying to Lessee all of Lessor's right, title and interest in the applicable portion of the Purchase Option Area free and clear of all liens and encumbrances except liens for taxes and assessments and easements, covenants and restrictions of record which were attached to the applicable portion of the Purchase Option Area as of the date hereof, attached during the term of the Lease through Lessee's action or inaction, as the case may be, have been granted by Lessor in lieu of a taking by the power of eminent domain or the like, or have been approved by Lessee. Lessee shall have the right to accept such title as Lessor can convey or elect not to consummate its exercise of the Option.

Notwithstanding the foregoing, Lessor shall cause any mortgage or other monetary lien arising by, through or under Lessor (but not arising by, through or under Lessee or by failure of Lessee to comply with its obligations hereunder) to be released at or prior to closing. 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 applicable portion of the Purchase Option Area 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, reasonable attorneys' fees (including those of Lessor), costs of any approvals from Governmental Authorities, appraisal fees, stamp taxes and transfer fees shall be borne by Lessee. 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 terminate with respect to the applicable portion of the Purchase Option Area acquired by Lessee and Base Annual Rental shall be reduced by the net proceeds received by Lessor multiplied by a capitalization rate of 8.60%.

Section 17.03. Termination of Option. Notwithstanding anything to the contrary, Lessee's rights under this Article XVII shall terminate and be null and void and of no further force and effect if this Lease terminates or upon Lessee's purchase of the Purchase Option Area. 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 XVII. Furthermore, in no event may Lessee exercise its rights in this Article XVII more than one time; provided, however, the Purchase Option Area may be comprised of multiple legal parcels.

Section 17.04. 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 attempted assignment of this Option which is contrary to the terms of this Article XVII shall be deemed to be an Event of Default under this Lease and the Option granted herein shall be void. Lessee may designate one or more third parties to acquire title to the Purchase Option Area upon the closing under Section 17.02 above; provided, however, in no event may Lessee receive any funds, payment or fees in excess of the purchase price due to Lessor in connection with such designation.

Section 17.05. No Prohibited Transaction. Notwithstanding the foregoing, the purchase option described in this Article XVII shall be conditioned upon Lessor making a reasonable determination that the sale of any portion of the Purchase Option Area would not cause Lessor to recognize income or gain from a "prohibited transaction" as defined under Section 857(b)(6) of the Internal Revenue Code of 1986, as amended. In the event that Lessor determines that the exercise of the purchase option would cause Lessor to recognize such income or gain in the calendar year in which the applicable Option Notice is delivered, Lessee shall continue to have all rights under this Article XVII and shall have the right to exercise the

purchase option in the following calendar year and Lessor shall not have the right to delay closing any further.

Section 17.06. Fair Market Value. For purposes of this Article XVII and determining the “Fair Market Value” of the applicable portion of the Purchase Option Area, Lessor shall, at Lessee’s sole expense, retain an independent MAI appraiser to prepare an appraisal of the Fair Market Value of the applicable portion of the Purchase Option Area, including any additions or renovations thereto. In determining the Fair Market Value of the applicable portion of the Purchase Option Area, the appraiser shall utilize the cost, income and sales comparison approaches to value. The average amount which results from the calculation of each of the cost approach, the income approach and the sales comparison approach, all as determined in accordance with the provisions of this subsection, shall constitute the “Fair Market Value” of the Purchase Option Area for purposes of this subsection. If within five (5) days after being notified of the results of such appraisal, Lessee elects to reject that appraisal, then the first appraisal shall become null and void and Lessor shall nominate to Lessee a list of not less than three (3) independent MAI appraisers who are experienced with appraising properties similar to applicable portion of the Purchase Option Area, and Lessee shall select one appraiser. Within five (5) days of such selection, Lessor shall retain such appraiser, at Lessee’s sole expense, to prepare an appraisal of the applicable portion of the Purchase Option Area in the same manner described above and the results of such appraisal shall be the “Fair Market Value” of the applicable portion of the Purchase Option Area for purposes of such subsection.

ARTICLE XVIII

MISCELLANEOUS

Section 18.01. 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 18.02. 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 18.03. 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 18.04. 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 financing lease, capital lease, 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 intends to treat this Lease as an operating lease pursuant to Statement of Financial Accounting Standards No. 13, as amended, and 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 18.04; (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 or any part of 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 18.04.

Section 18.05. 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.** Upon receipt of Lessee's prior consent, Lessor may 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.

(c) **Public Disclosures.** Except as required by Law, Lessee shall not make any public disclosure, including press releases or any form of media release, of this Lease Agreement or any transactions relating hereto without the prior written consent of Lessor.

Section 18.06. 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.

Section 18.07. 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 18.08. No Brokerage. 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 18.09. 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 18.10. 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 18.11. 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 18.12. 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 18.13. 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 18.14. 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 18.15. 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 18.16. 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 18.17. 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 18.18. 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 subject to governing 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 18.19. 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.

[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 MASTER FUNDING XII, LLC, a Delaware limited liability company

By: 

Printed Name: Daniel Rosenberg
Senior Vice President

Title: _____

STATE OF ARIZONA)
COUNTY OF MARICOPA) ss.

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Daniel Rosenberg, with whom I am personally acquainted (or proved to me to be on the basis of satisfactory evidence), and who, upon oath, acknowledged himself/herself to be the Sr. vice president of STORE MASTER FUNDING XII, LLC, a Delaware limited liability company, the within named Lessor, and that he/she as such officer, being authorized so to do, executed the within instrument for the purposes therein contained, by signing the name of Daniel Rosenberg by himself/herself as such officer.

WITNESS my hand and Official Seal at office, this 26 day of August, 2024.


Notary Public

My Commission Expires march 31, 2027

PH 3519453.2

STORE/Ascent
4th A&R Master Lease Agreement
9 Properties in OH, NC, PA, SC, TN and TX

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

LESSEE:

ASCENT INDUSTRIES CO., a Delaware corporation

By: 

Name: Bryan Kitchen

Title: Chief Executive Officer

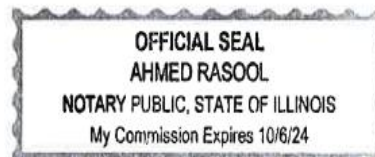
STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Bryan Kitchen, with whom I am personally acquainted (or proved to me to be on the basis of satisfactory evidence), and who, upon oath, acknowledged himself/herself to be the CEO of **ASCENT INDUSTRIES CO.**, a Delaware corporation, the within named Lessee, and that he/she as such officer, being authorized so to do, executed the within instrument for the purposes therein contained, by signing the name of Bryan Kitchen by himself/herself as such officer.

WITNESS my hand and Official Seal at office, this 28 day of August, 2024.


Notary Public

My Commission Expires 10/06/2024



PH 3519453.2

STORE/Ascent
4th A&R Master Lease Agreement
9 Properties in OH, NC, PA, SC, TN and TX

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

PH 3519453.2

STORE/Ascent
4th A&R Master Lease Agreement
9 Properties in OH, NC, PA, SC, TN and TX

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.

"Consent Order" means that certain Consent Order and Agreement with the Commonwealth of Pennsylvania, Department of Environmental Protection concerning the remediation and reuse of some or all of the Property located in Munhall, PA.

"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 12% 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 Insurer" means such environmental insurance company as Lessor shall select in its reasonable discretion.

"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, including the Consent Order.

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

"Environmental Policy" means a pollution legal liability insurance policy issued by Environmental Insurer to Lessor and Lessor's lender, which Environmental Policy shall be in form and substance satisfactory to Lessor and shall be in amounts of not less than \$3,000,000.00 per occurrence and \$10,000,000.00 annual aggregate for losses caused by known and unknown pollution conditions that arise from the operations of the tenant at the Properties, their contractors, or their sub-contractors, with coverage to include: (a) bodily injury or death, (b) property damage, including physical injury to or destruction of tangible property, (c) clean-up costs, and (d) defense, including costs, charges and expenses incurred in the investigation, adjustment or defense of claims for damages.

"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.

"Fair Market Value" has the meaning set forth in Section 17.06.

"Force Majeure Event" has the meaning set forth in Section 18.01.

"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.

"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.

"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 all Affiliates thereof.

“Lessee Reporting Entities” means Lessee.

“Lessee’s Information” has the meaning set forth in Section 18.05(b).

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

“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; or (d) Lessor’s interests in any of the Properties, this Lease or the other Transaction Documents.

“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.

“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.

"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.

"Option Notice" has the meaning set forth in Section 17.01.

"Original Lease" has the meaning set forth in the second introductory paragraph of this Lease.

"Other Agreements" means, collectively, all agreements and instruments now or hereafter entered into between, among or by (a) any of the Lessee Entities and, or for the benefit of, (b) any of the Lessor Entities, including, without limitation, leases, promissory notes and guaranties, but excluding this Lease and all other Transaction 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 is customarily employed in, or associated with, similar businesses located in the state or states where the Properties are located.

"Permitted Facility" or *"Permitted Facilities"* means Industrial / Manufacturing facility, all related purposes such as ingress, egress and parking, and uses incidental thereto.

"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.

"Price Index" means the Consumer Price Index which is designated for the applicable month of determination as the United States City Average for All Urban Consumers, All Items, Not Seasonally Adjusted, with a base period equaling 100 in 1982 - 1984, as published by the United States Department of Labor's Bureau of Labor Statistics or any successor agency. In the event that the Price Index ceases to be published, its successor index measuring cost of living as published by the same Governmental Authority which published the Price Index shall be substituted and any necessary reasonable adjustments shall be made by Lessor and Lessee in order to carry out the intent of Section 4.02. In the event there is no successor index measuring cost of living, Lessor shall reasonably select an alternative price index measuring cost of living that will constitute a reasonable substitute for the Price Index.

"Property" or "Properties" means those parcels of real estate legally described on Exhibit B attached hereto, all rights, privileges, and appurtenances associated therewith, and all buildings, fixtures and other improvements now or hereafter located on such real estate (whether or not affixed to such real estate).

"Purchase Option Area" has the meaning set forth in Section 17.01.

"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.

"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 the lesser of (a) 2% of the Base Annual Rental in effect immediately prior to the applicable Adjustment Date, or (b) 1.25 multiplied by the

product of (i) the percentage change between the Price Index for the month which is two months prior to the Price Index used for the immediately preceding Adjustment Date and the Price Index for the month which is two months prior to the applicable Adjustment Date; and (ii) the then current Base Annual Rental.

"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 18.10.

"Securities Act" means of the Securities Act of 1933, as amended.

"Securitization" has the meaning set forth in Section 18.10.

"Sublease" has the meaning set forth in Section 14.04.

"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; or (ii) by reason of any agreement with any Governmental Authority condemnor in settlement of or under threat of any such condemnation or other eminent domain proceeding; 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 condemnor, 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, 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**

Street Addresses:

390 Bristol Metals Rd, Bristol, TN 37620

3830/3838 Majestic St., Houston, TX 77026

3600 Union St., Mineral Ridge, OH 44440

1701 N. US Highway 385, Andrews, TX 79714

4325 Old Tasso Rd, Cleveland, TN 37312

300 International Blvd, Fountain Inn, SC 29644

100 E. Waterfront Drive, Munhall, PA 15120

123 Morehead Road, Statesville, NC 28677

129 Honeycutt Road, Troutman, NC 28166

Legal Descriptions:

Address: 390 Bristol Metals Road, Bristol, Tennessee 37620

Legal Description:

LAND IN SULLIVAN COUNTY, TENNESSEE, DESCRIBED AS FOLLOWS:

TRACT 1:

PARCEL 1: [WELDING ADDITION]

BEING A TRACT OF GROUND APPROXIMATELY 75 FEET BY 216 FEET (16,200 SQUARE FEET, MORE OR LESS) WHICH IS ADJACENT TO THE MAIN MANUFACTURING PLAT OF BRISTOL METALS, LLC UPON WHICH IS TO BE CONSTRUCTED A BUILDING OR ADDITION TO BE KNOWN AS THE WELDING ADDITION.

PARCEL 2: [HYDRO-TEST ADDITION]

BEING A TRACT OF GROUND APPROXIMATELY 62 FEET AND 9 INCHES BY 75 FEET AND 1 INCH (4,711 SQUARE FEET, MORE OR LESS) WHICH IS ADJACENT TO THE MAIN MANUFACTURING PLANT OF BRISTOL METALS, LLC UPON WHICH IS TO BE

CONSTRUCTED A BUILDING OR ADDITION TO BE KNOWN AS THE HYDRO-TEST ADDITION.

PARCEL 3: [X-RAY ADDITION]

BEING A TRACT OF GROUND APPROXIMATELY 32 FEET BY 97.5 FEET (3,120 SQUARE FEET, MORE OR LESS) WHICH IS NEAR THE MAIN MANUFACTURING PLANT OF BRISTOL METALS, LLC UPON WHICH IS TO BE CONSTRUCTED A BUILDING OR ADDITION TO BE KNOWN AS THE X-RAY ADDITION.

PARCEL 4: [FURNACE ADDITION]

BEING A TRACT OF GROUND APPROXIMATELY 63 FEET BY 75 FEET (4,725 SQUARE FEET, MORE OR LESS) WHICH IS ADJACENT TO THE MANUFACTURING PLANT OF BRISTOL METALS, LLC UPON WHICH IS CONSTRUCTED AN ADDITION TO BE KNOWN AS THE FURNACE ADDITION.

PARCEL 5: [REPAIR BUILDING]

BEING A TRACT OF GROUND APPROXIMATELY 65 FEET BY 150 FEET (9,750 SQUARE FEET, MORE OR LESS) WHICH IS ADJACENT TO THE QUALITY CONTROL BUILDING NEAR THE MAIN MANUFACTURING PLANT OF BRISTOL METALS, LLC UPON WHICH IS TO BE CONSTRUCTED A BUILDING OR ADDITION TO BE KNOWN AS THE REPAIR BUILDING.

BEING THE SAME PROPERTY CONVEYED TO BRISTOL METALS, LLC BY QUITCLAIM DEED FROM THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF BRISTOL TENNESSEE OF RECORD IN BOOK 3019, PAGE 2483, REGISTER'S OFFICE FOR SULLIVAN COUNTY, TENNESSEE.

TRACT 2:

PARCEL 1:

BEGINNING AT AN IRON AT THE POINT OF INTERSECTION OF THE NORTH LINE OF A 20-FOOT LANE WITH THE EAST LINE OF A 15-FOOT LANE, SAID LANES BEING THE PROPERTY OF GUSSIE M. RADER; THENCE WITH THE EAST LINE OF GUSSIE M. RADER'S 15-FOOT LANE (PARALLEL TO AND 42 FEET EASTERLY FROM THE CENTER OF THE SOUTHERN RAILWAY COMPANY MAIN LINE TRACT) N 44°30'30" E 793.83 FEET TO A POINT IN THE LINE AT THE POINT OF INTERSECTION OF THE SOUTH LINE OF A PROPOSED 50-FOOT ROAD, SAID POINT BEING THE END OF POINT OF THE PROPOSED ROAD; THENCE WITH THE SOUTH LINE OF THE PROPOSED 50-FOOT ROAD, S 65° 42' 30" E 1062.64 FEET TO A POINT IN THE LINE; THENCE BY A NEW LINE S 23°44' W 765.25 FEET TO AN IRON IN THE LINE OF GUSSIE H. RADER; THENCE WITH GUSSIE M. RADER'S LINE , N 65°42'30" W 301.64 FEET TO AN IRON, CORNER TO GUSSIE M. RADER AND FRANK SHARRETT, BEING ALSO THE EAST END OF THE SOUTH LINE OF THE 20- FOOT LANE OF GUSSIE M. RADER; THENCE CROSSING THE END OF GUSSIE M. RADER'S LANE, N 24°17'30" E 20.00 FEET TO AN IRON, THE EAST END OF THE NORTH LINE OF THE LANE; THENCE WITH THE NORTH LINE OF THE LANE, N 65°42'30" 1042.72 FEET TO

THE POINT OF BEGINNING, AND CONTAINING 20.721 ACRES, MORE OR LESS, AS IS MORE PARTICULARLY SHOWN BY MAP OF CHARLES D. CLARK, CIVIL ENGINEER OF BRISTOL, VIRGINIA, DATED FEBRUARY 12, 1980, TO WHICH REFERENCE IS HERE MADE, AND WHICH IS MADE A PART HEREOF.

PARCEL 2:

BEGINNING AT AN IRON PIN LOCATED ON THE PROPERTY LINE OF GUSSIE M. RADER, WHICH POINT IS THE NORTHEAST CORNER OF THE PROPERTY HEREBY CONVEYED; THENCE WITH THE RADER PROPERTY LINE S 20° 44' 50" W 766.68 FEET TO A PLANTED ROCK; THENCE WITH THE SAID RADER PROPERTY LINE N 65° 42' 30" W 260 FEET TO A POINT, CORNER TO OTHER PROPERTY OF BRISTOL METALS, INC; THENCE WITH THE PROPERTY LINE OF BRISTOL METALS, INC., N 24°00' E 480 FEET TO A POINT;

THENCE WITH THE SAME S 66°00' E 182.56 FEET TO A POINT; AND N 20°44'50"E 284.84 FEET TO A POINT LOCATED ON THE SOUTHERLY SIDE OF A 50-FOOT ROAD RIGHT-OF-WAY; THENCE WITH THE SOUTHERLY SIDE OF SAID RIGHT-OF-WAY, S 65° 42'30" E 50.10 FEET TO THE POINT OF BEGINNING; CONTAINING 3.05 ACRES, AND BEING SHOWN AS TRACT 5A ON THE PLAT PREPARED BY CLARK & ASSOCIATES, DATED JANUARY 27, 1982.

BEING THE SAME PROPERTY CONVEYED TO BRISTOL METALS, L.P. BY QUITCLAIM DEED FROM SYNALLOY CORPORATION OF RECORD IN BOOK 682, PAGE 142, REGISTER'S OFFICE FOR SULLIVAN COUNTY, TENNESSEE. THE SAID BRISTOL METALS, L.P. IS NOW KNOWN AS BRISTOL METALS, LLC.

TRACT 3:

PARCEL 1:

BEGINNING AT AN IRON PIN AT A LANE IN THE CHARTERED RAIL-ROAD RIGHT-OF-WAY; THENCE WITH THE LANE, S 41 DEGREES 07 MINUTES 56 SECONDS W A DISTANCE OF 254.68 FEET TO AN IRON PIN WITH CAP; THENCE LEAVING THE 200 FOOT CHARTERED RAIL-ROAD RIGHT-OF-WAY, S 68 DEGREE 58 MINUTES 38 SECONDS E A DISTANCE OF 1139.07 FEET TO AN IRON PIN WITH CAP; THENCE N 18 DEGREE 45 MINUTES 02 SECONDS E A DISTANCE OF 220.96 FEET TO AN IRON PIN WITH CAP; THENCE N 21 DEGREE 04 MINUTES 03 SECONDS E A DISTANCE OF 20.00 FEET TO AN IRON PIN; THENCE N 69 DEGREE 04 MINUTES 01 SECONDS W A DISTANCE OF 1042.77 FEET TO AN IRON PIN; WHICH IS THE POINT OF BEGINNING, HAVING AN AREA OF 261,665 SQUARE FEET, 6.007 ACRES, AND SHOWN AS PART OF PARCEL 1 ON MAP OF RECORD IN THE REGISTER'S OFFICE FOR SULLIVAN COUNTY AT BLOUNTVILLE, TENNESSEE, IN PLAT BOOK 9, PAGE 167; AND BEING PART OF THE PROPERTY CONVEYED TO SULLIVAN COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP BY DEED OF RECORD IN SAID REGISTER'S OFFICE IN DEED BOOK 702, PAGE 536. (PART OF MAP 053, PARCEL 092.00)

PARCEL 2:

BEGINNING AT AN IRON PIN WITH CAP ON THE NEW BRISTOL METALS, L.P. AND SULLIVAN COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP LINE; THENCE WITH THE AFORE MENTIONED NEW LINE THE FOLLOWING CALLS: THENCE N51 DEGREES 27 MINUTES 42 SECONDS E A DISTANCE OF 89.72 FEET TO AN IRON PIN WITH CAP; THENCE WITH A CURVE TURNING TO THE LEFT WITH AN ARC LENGTH OF 229.80 FEET, WITH A RADIUS OF 470.00 FEET, WITH A CHORD BEARING OF N 37 DEGREES 27 MINUTES 16 SECONDS E, WITH A CHORD LENGTH OF 227.52 FEET TO AN IRON PIN CAP, THENCE N23 DEGREE 26 MINUTES 50 SECONDS E A DISTANCE OF 713.11 FEET TO AN IRON PIN WITH CAP; THENCE WITH A CURVE TURNING TO THE RIGHT WITH AN ARC LENGTH OF 318.96 FEET, WITH A RADIUS OF 746.20 FEET, WITH A CHORD BEARING OF N 35 DEGREES 41 MINUTES 34 SECONDS E, WITH CHORD LENGTH OF 316.54 FEET TO A NEW CORNER, THENCE WITH THE OLD LINE OF SULLIVAN COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP TO BRISTOL METALS, L.P., N64 DEGREES 35 MINUTES 09 SECONDS W A DISTANCE OF 7.92 FEET TO AN IRON REFERENCE PIN WITH CAP ON THE OLD LINE; THENCE FROM THE AFOREMENTIONED NEW CORNER, N 64 DEGREES 35 MINUTES 09 SECONDS W A DISTANCE OF 422.98 FEET TO A 1/2" IRON REBAR AT A PLANTED STONE; THENCE S 17 DEGREES 25 MINUTES 48 SECONDS W A DISTANCE OF 1126.28 FEET TO THE OLD CORNER OF BRISTOL METALS, L.P. AND SULLIVAN COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP; THENCE N 69 DEGREES 04 MINUTES 44 SECONDS W A DISTANCE OF 1021.09 FEET TO AN IRON PIN WITH CAP; THENCE S 18 DEGREES 45 MINUTES 02 SECONDS W A DISTANCE OF 220.96 FEET TO AN IRON PIN WITH THE CAP; THENCE WITH THE NEW LINE OF SULLIVAN COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP TO BRISTOL METALS, L.P., S 68 DEGREES 58 MINUTES 38 SECONDS E A DISTANCE OF 1143.34 FEET TO AN IRON PIN WITH CAP; WHICH IS THE POINT OF BEGINNING, HAVING AN AREA OF 603,156 SQUARE FEET, 13.847 ACRES, AND SHOWN AS PART OF PARCEL 4 AS SHOWN ON MAP OF RECORD IN THE REGISTER'S OFFICE FOR SULLIVAN COUNTY AT BLOUNTVILLE, TENNESSEE, IN PLAT BOOK 9, PAGE 167; AND BEING PART OF THE PROPERTY CONVEYED TO SULLIVAN COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP BY DEED OF RECORD IN SAID REGISTER'S OFFICE IN DEED BOOK 669, PAGE 457. (PART OF MAP 054, PARCEL 007.10)

BEING THE SAME PROPERTY CONVEYED TO BRISTOL METALS, LLC BY WARRANTY DEED FROM SULLIVAN COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP OF RECORD IN BOOK 753, PAGE 101, REGISTER'S OFFICE FOR SULLIVAN COUNTY, TENNESSEE.

TRACT 4:

BEING A CERTAIN PARCEL OF LAND, CONSISTING OF APPROXIMATELY 49.31 ACRES WHICH IS DESIGNATED AND SHOWN AS PARCEL 13.00 ON TAX MAP 54 IN THE OFFICE OF THE PROPERTY ASSESSOR FOR SULLIVAN COUNTY AT BLOUNTVILLE, TENNESSEE, AND BEING ALL OF THE REMAINING PROPERTY OWNED BY GRANTOR WHICH WAS CONVEYED BY DEEDS WHICH ARE RECORDED IN THE REGISTER'S OFFICE FOR SULLIVAN COUNTY AT BRISTOL, TENNESSEE IN DEED BOOK 126, PAGE 107, AND IN DEED BOOK 126, PAGE 183.

BEING THE SAME PROPERTY CONVEYED TO BRISTOL METALS, L.P. BY QUITCLAIM FROM BRISTOL METALS, INC. OF RECORD IN BOOK 383, PAGE 114, REGISTER'S

OFFICE FOR SULLIVAN COUNTY, TENNESSEE. THE SAID BRISTOL METALS, L.P. IS NOW KNOWN AS BRISTOL METALS, LLC.

THE ABOVE FEE TRACTS BEING THE SAME AS THAT PROPERTY AS SHOWN ON ALTA/NSPS LAND TITLE SURVEY PREPARED BY BRYAN SHIRLEY UNDER SUPERVISION OF AMERICAN NATIONAL, DATED SEPTEMBER 26, 2016, JOB NO. 201608751-1, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN IRON PIN WITH CAP ON THE BRISTOL METALS, L.P. AND SULLIVAN COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP LINE; THENCE WITH THE SULLIVAN COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP TO BRISTOL METALS, L.P. LINE N68°55'46"W 2282.54' TO AN IRON PIN AT A LANE IN THE CHARTERED RAILROAD RIGHT OF WAY; THENCE WITH THE LANE N41°10'48"E 254.68' TO AN IRON PIN WITH CAP; THENCE CONTINUE ALONG SAID LANE N41°11'52"E 794.14' TO THE SOUTH LINE OF A 50' RIGHT OF WAY; THENCE RUN ALONG SAID RIGHT OF WAY THE FOLLOWING COURSES AND DISTANCES: S69°01'09"E 1062.64', THENCE S69°02'43"E 629.92', THENCE S68°58'40"E 50.10' TO THE BOUNDARY OF TAX MAP ID 054-013.00 AS SHOWN ON PLAT OF SURVEY BY TONY F. HOLBROOK FILED FOR RECORD JULY 27 2009 IN BOOK 0012, PAGE 0046 IN THE REGISTER OF DEEDS FOR SULLIVAN COUNTY, THENCE RUN ALONG THE BOUNDARY OF SAID TAX MAP ID NO. THE FOLLOWING COURSES AND DISTANCES: N17°28'40"E 48.90', THENCE N68°55'46"W 1225.19' TO THE VARIABLE RIGHT OF WAY OF BRISTOL METALS ROAD; THENCE CONTINUING ALONG THE BOUNDARY OF SAID TAX MAP ID NO. RUNNING ALONG SAID RIGHT OF WAY THE FOLLOWING COURSES AND DISTANCES: N09°32'34"E 70.00', THENCE WITH A CURVE TURNING TO THE RIGHT HAVING A RADIUS OF 506.83', AND AN ARC LENGTH OF 379.87', WITH A CHORD BEARING OF N 51°31'23" E, AND A CHORD LENGTH OF 371.04', THENCE N73°01'14"E 326.90', THENCE WITH A CURVE TURNING TO THE RIGHT HAVING A RADIUS OF 256.48', AND AN ARC LENGTH OF 119.46', WITH A CHORD BEARING OF S78°08'01"E, AND A CHORD LENGTH OF 118.38', THENCE S64°47'25"E 917.25', THENCE WITH A CURVE TURNING TO THE RIGHT HAVING A RADIUS OF 328.10', AND AN ARC LENGTH OF 153.54', WITH A CHORD BEARING OF S51°23'04"E, AND A CHORD LENGTH OF 152.14', THENCE S37°58'41"E 107.18' TO THE WEST RIGHT OF WAY OF PARTNERSHIP PARK ROAD; THENCE CONTINUING ALONG THE BOUNDARY OF SAID TAX MAP ID NO. RUNNING ALONG SAID RIGHT OF WAY THE FOLLOWING COURSES AND DISTANCES: S07°01'19"W 28.28', THENCE S52°01'19"W 105.58', THENCE WITH A CURVE TURNING TO THE LEFT HAVING A RADIUS OF 746.20', AND AN ARC LENGTH OF 52.56', WITH A CHORD BEARING OF S50°00'15"W, AND A CHORD LENGTH OF 52.55',

THENCE WITH A COMPOUND CURVE TURNING TO THE LEFT HAVING A RADIUS OF 746.20', AND AN ARC LENGTH OF 318.96', WITH A CHORD BEARING OF S35°44'26"W, AND A CHORD LENGTH OF 316.54',

THENCE S23°29'42"W 713.11' TO THE TERMINUS OF THE RIGHT OF WAY OF SAID RIGHT OF WAY; THENCE CONTINUING ALONG THE BOUNDARY OF SAID TAX MAP ID NO. RUNNING WITH A CURVE TURNING TO THE RIGHT HAVING A RADIUS OF 470.00', WITH AN ARC LENGTH OF 229.80', WITH A CHORD BEARING OF S37°30'08"W, AND A CHORD LENGTH OF 227.52', THENCE S51°26'22"W 89.65' TO THE POINT OF BEGINNING, AND CONTAINING 70.05 ACRES, MORE OR LESS.

INCLUDED IN THE FOREGOING DESCRIPTION, BUT EXPRESSLY EXCLUDED THEREFROM, IS PROPERTY CONVEYED TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF BRISTOL, TENNESSEE, BY DEED OF RECORD IN BOOK 747, PAGE 180, SAID REGISTER'S OFFICE.

TRACT 5:

Easement for ingress and egress as granted in document of record in Book 193, Page 668, in the Register's Office of Sullivan County, Tennessee.

TRACT 6:

Right of way easement as granted in document of record in Book 208, Page 74, Register's Office of Sullivan County, Tennessee.

Address: 3830/3838 Majestic Street, Houston, Texas 77026

Legal Description:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF Harris, STATE OF TX, AND IS DESCRIBED AS FOLLOWS:

9.9666 ACRES OF LAND, LYING AND BEING SITUATED IN THE HARRIS AND WILSON TWO LEAGUE GRANT, ABSTRACT 92, HARRIS COUNTY, TEXAS AND BEING THE SAME PROPERTY DESCRIBED IN DEED RECORDED IN VOLUME 5999, PAGE 513, DEED RECORDS OF HARRIS COUNTY, TEXAS; SAID 9.9666 ACRES OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 5/8" IRON ROD IN THE EASTERLY LINE OF MAJESTIC BOULEVARD, BASED ON 100 FEET IN WIDTH, SAME MARKING THE SOUTHWESTERLY CORNER OF BLOCK 10 OF LIBERTY GARDENS SUBDIVISION ACCORDING TO PLAT THEREOF RECORDED IN VOLUME 1163, PAGE 39, DEED RECORDS OF HARRIS COUNTY, TEXAS;

THENCE N 89°16' E, ALONG THE SOUTHERLY LINE OF THE SAID BLOCK 10, A DISTANCE OF 169.11 FEET TO A 5/8" IRON ROD FOR ITS SOUTHEASTERLY CORNER;

THENCE N 0°16' E, ALONG THE EASTERLY LINE OF THE SAID BLOCK 10, A DISTANCE OF 253.52 FEET TO A 5/8" IRON ROD FOR CORNER;

THENCE N 89° 37' E, A DISTANCE OF 435.60 FEET TO A 2" STEEL FENCE CORNER POST FOR CORNER;

THENCE S 0° 07' E, A DISTANCE OF 610.70 FEET TO A 3/4" IRON ROD IN THE NORTHERLY LINE OF THE T. & N. O. RAILROAD RIGHT OF WAY;

THENCE S 64° 08' W, ALONG SAID RAILROAD RIGHT OF WAY, 474.80 FEET TO A 3/4" IRON ROD FOR CORNER;

THENCE, IN A SOUTHWESTERLY DIRECTION ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 12° 27' 59" AND A RADIUS OF 458.37 FEET FOR A DISTANCE OF 99.73 FEET, THE LONG CHORD OF SAID CURVE BEARING S 23° 14' W 99.45 FEET TO A ¾" IRON ROD;

THENCE IN A SOUTHWESTERLY DIRECTION, ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 25° 03' 54" AND A RADIUS OF 458.37 FEET FOR A DISTANCE OF 200.52 FEET TO THE LONG CHORD OF SAID CURVE BEARING S 18° 09' W, 199.10 FEET TO A ¾" IRON ROD FOR CORNER;

THENCE N 89° 29' W, 60.55 FEET TO A ¾" IRON ROD IN THE AFORE-MENTIONED EASTERLY LINE OF MAJESTIC BOULEVARD;

THENCE N 1° 14' W, ALONG THE EASTERLY LINE OF MAJESTIC BOULEVARD 839.50 FEET TO THE POINT OR PLACE OF BEGINNING AND CONTAINING AS AFORESAID 9.9666 ACRES OF LAND.

SAVE AND EXCEPT THAT TRACT OR PARCEL OF LAND CONVEYED TO FRIEDMAN INDUSTRIES, INCORPORATED, A TEXAS CORPORATION BY WARRANTY DEED FILE FOR RECORD JUNE 13, 1989 UNDER COUNTY CLERK'S FILE NUMBER M195697, OFFICIAL RECORDS, HARRIS COUNTY, TEXAS.

BEING ALSO DESCRIBED AS FOLLOWS:

9.8679 ACRES OF LAND, LYING AND BEING SITUATED IN THE HARRIS AND WILSON TWO LEAGUE GRANT, ABSTRACT 92, HARRIS COUNTY, TEXAS AND BEING THE SAME PROPERTY DESCRIBED IN DEED RECORDED IN VOLUME 5999, PAGE 513, DEED RECORDS OF HARRIS COUNTY, TEXAS, SAVE AND EXCEPT THAT TRACT OR PARCEL OF LAND CONVEYED TO FRIEDMAN INDUSTRIES, INCORPORATED, A TEXAS CORPORATION BY WARRANTY DEED FILE FOR RECORD JUNE 13, 1989 UNDER COUNTY CLERK'S FILE NUMBER M195697, OFFICIAL RECORDS, HARRIS COUNTY, TEXAS; SAID 9.8679 ACRES OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 3/8" IRON ROD IN THE EASTERLY LINE OF MAJESTIC BOULEVARD, BASED ON 100 FEET IN WIDTH, SAME MARKING THE SOUTHWESTERLY CORNER OF BLOCK 10 OF LIBERTY GARDENS SUBDIVISION ACCORDING TO PLAT THEREOF RECORDED IN VOLUME 1163, PAGE 39, DEED RECORDS OF HARRIS COUNTY, TEXAS;

THENCE N 89°26'14" E, ALONG THE SOUTHERLY LINE OF THE SAID BLOCK 10, A DISTANCE OF 169.11 FEET TO A POINT FOR CORNER WITH A FENCE POST FOR REFERENCE BEARING N 64°24'46"E, 2.14 FEET;

THENCE N 00°26'14" E , ALONG THE EASTERLY LINE OF THE SAID BLOCK 10, A DISTANCE OF 253.52 FEET TO A 1/2" IRON ROD FOUND FOR CORNER;

THENCE N 89°47'14" E, A DISTANCE OF 434.58 FEET TO A POINT FOR CORNER WITH A FENCE POST FOR REFERENCE BEARING N 17°48'22"W, 4.21 FEET;

THENCE S 00°00'12" W, A DISTANCE OF 570.68 FEET TO A POINT FOR CORNER WITH A 5/8" IRON ROD FOUND FOR REFERENCE BEARING S 00°00'12" W, 3.17 FEET;

THENCE S 49°13'11" W, ALONG THE NORTHERLY LINE OF SAID SAVE AND EXCEPT TRACT, A DISTANCE OF 128.86 FEET TO A POINT FOR CORNER IN THE NORTHERLY LINE OF THE T. & N. O. RAILROAD RIGHT OF WAY WITH A FENCE POST FOUND FOR REFERENCE BEARING S 47°32'07" W, 0.22' FEET;

THENCE S 64°09'43" W, ALONG SAID RAILROAD RIGHT OF WAY, 364.02 FEET TO A 3/4" IRON ROD FOR CORNER;

THENCE, IN A SOUTHWESTERLY DIRECTION ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 12°27'18" AND A RADIUS OF 458.37 FEET FOR A DISTANCE OF 99.64 FEET, THE LONG CHORD OF SAID CURVE BEARING S 23°16'12" W, A DISTANCE OF 99.44 FEET TO A 3/4" IRON ROD;

THENCE IN A SOUTHWESTERLY DIRECTION, ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 25°03'33" AND A RADIUS OF 458.37 FEET FOR A DISTANCE OF 200.47 FEET, THE LONG CHORD OF SAID CURVE BEARING S 18°10'22" W, 198.88 FEET TO A 3/4" IRON ROD FOR CORNER;

THENCE N 89°34'36" W, 61.05 FEET TO A 3/4" IRON ROD IN THE AFORE-MENTIONED EASTERLY LINE OF MAJESTIC BOULEVARD;

THENCE N 1°14'00" W, ALONG THE EASTERLY LINE OF MAJESTIC BOULEVARD 836.77 FEET TO THE POINT OR PLACE OF BEGINNING AND CONTAINING AS AFORESAID 9.8679 ACRES OF LAND.

Address: 3600 Union Street, Mineral Ridge, Ohio 44440

Legal Description:

Situated in the Township of Weathersfield, County of Trumbull and State of Ohio, and known as being Lot No. 2 in the James R. Sabatine Plat No. 1, a subdivision of part of the Original Mineral Ridge Out Lot No. 103, as recorded in Volume 50, Page 63 of Trumbull County Record of Maps.

Parcel No : 21-901103

Commonly known as: Union Street, Mineral Ridge, Ohio 44440

TOGETHER WITH easements for ingress/egress, access and storm sewer as granted and more fully set forth in Easement Agreement recorded June 25, 2001 in Instrument #200106250023338, Trumbull County Records.

Address: 1701 North US 385, Andrews, Texas 79714

Legal Description:

Tracts 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13, Andrews Industrial Subdivision, a subdivision out of the E/2 of Section 16, Block A-45, P.S.L., Andrews County, Texas according to the map or plat thereof recorded in Volume 3, Page 36, Plat Records of Andrews County, Texas.

Address: 4325 Old Tasso Road NE, Cleveland, Tennessee 37312

Legal Description:

TRACT III

LAND IN BRADLEY COUNTY TENNESSEE AND BEING KNOWN AS LOT 1 ON THE FINAL PLAT OF OLD TASSO ROAD PROPERTIES OF RECORD IN PLAT BOOK 25, PAGE 122, IN THE REGISTER'S OFFICE FOR BRADLEY COUNTY, TO WHICH PLAT REFERENCE IS HEREBY MADE FOR A MORE COMPLETE AND ACCURATE DESCRIPTION.

BEING PROPERTY CONVEYED TO MANUFACTURER'S SOAP & CHEMICAL COMPANY, A TENNESSEE CORPORATION BY DEEDS OF RECORD IN DEED BOOK 331, PAGE 20, DEED BOOK 352, PAGE 696, RECORD BOOK 2054, PAGE 96 AND RECORD BOOK 2056, PAGE 82, IN THE REGISTER'S OFFICE FOR BRADLEY COUNTY, TENNESSEE.

Address: 300 International Boulevard, Fountain Inn, South Carolina 29644

Legal Description:

ALL THAT CERTAIN PIECE, PARCEL OR TRACT OF LAND, CONTAINING 16.93 ACRES, MORE OR LESS, SITUATE, LYING AND BEING ON THE WESTERN SIDE OF INTERNATIONAL BOULEVARD, IN THE COUNTY OF LAURENS, STATE OF SOUTH CAROLINA, AS SHOWN ON A PLAT ENTITLED "BOUNDARY SURVEY FOR LPC OF S.C., INC.", PREPARED BY THOMAS P. DOWLING, RLS, DATED OCTOBER 10, 1996, LAST REVISED DECEMBER 12, 1996, AND RECORDED IN THE ROD OFFICE FOR LAURENS COUNTY, SOUTH CAROLINA, IN PLAT BOOK A-152 AT PAGES 7 AND 8, REFERENCE TO WHICH IS HEREBY CRAVED FOR A METES AND BOUNDS DESCRIPTION THEREOF.

Address: 100 E. Waterfront Drive, Munhall, PA 15120

Legal Description:

LOT 2

LAND SITUATED IN THE BOROUGH OF MUNHALL, COUNTY OF ALLEGHENY, COMMONWEALTH OF PENNSYLVANIA AND BEING LOT 2 IN THE MARCEGAGLIA

SUBDIVISION PLAN ON PLAT BOOK VOLUME 306 PAGE 82 IN THE DEPARTMENT OF REAL ESTATE OF ALLEGHENY COUNTY, PENNSYLVANIA, DESCRIBED AS FOLLOWS:

COMMENCING AT A 5/8" IRON ROD FOUND AT THE SOUTHWESTERLY CORNER OF PARCEL "C" AND THE NORTHWESTERLY CORNER OF PARCEL "D" AS SHOWN ON THE HOMESTEAD WORKS PLAN NO. 1 RECORDED IN PLAT BOOK 196, PAGES 26-39, ALSO BEING ALONG THE EASTERLY RIGHT-OF-WAY LINE OF EAST WATERFRONT DRIVE (A 60-FOOT-WIDE PUBLIC RIGHT-OF-WAY:

THENCE THE FOLLOWING FOUR (4) COURSES AND DISTANCE ALONG THE NORTHERLY AND EASTERLY RIGHT-OF-WAY LINE OF SAID EAST WATERFRONT DRIVE:

(1) SOUTH 28°47'44" EAST, A DISTANCE OF 19.77 FEET TO A 5/8" BENT IRON ROD FOUND;

(2) SOUTHERLY ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 302.84 FEET, THROUGH A CENTRAL ANGLE OF 30°52'25", AN ARC DISTANCE OF 163.18 FEET, SAID CURVE HAVING A CHORD WITH BEARS SOUTH 13°21'32" EAST, A DISTANCE OF 161.22 FEET TO A 5/8" CAPPED IRON ROD "NCG PS SU075529" FOUND;

(3) SOUTH 02°04'41" WEST, A DISTANCE OF 513.20 FEET TO A 5/8" IRON ROD FOUND;

(4) SOUTHERLY ALONG A CURVE TO THE LEFT, HAVING A RADIUS OF 542.96 FEET, THROUGH A CENTRAL ANGLE OF 70°25'31", AN ARC DISTANCE OF 667.38 FEET, SAID CURVE HAVING A CHORD WITH BEARS SOUTH 33°08'04" EAST, A DISTANCE OF 626.16 FEET TO A 5/8" CAPPED IRON ROD "NCG PS SU075529" SET, BEING THE POINT OF BEGINNING, DESCRIBED AS FOLLOWS:

THENCE NORTH 12°17'39" EAST, THROUGH SAID LANDS OF PARCEL "D", A DISTANCE OF 1128.53 FEET TO A POINT ALONG THE ORDINARY LOW WATER LINE OF THE MONONGAHELA RIVER;

THENCE CONTINUE APPROXIMATELY 1516 FEET ALONG THE SAID ORDINARY LOW WATER LINE, TIE LINE OF SOUTH 43°34'43" EAST, A DISTANCE OF 1515.81 FEET;

THENCE SOUTH 42°36'47" WEST, ALONG THE NORTHWESTERLY LINE OF PARCEL "F-1" AS SHOWN ON SAID HOMESTEAD WORKS PLAN NO. 1, ALSO BEING LAND DESCRIBED IN DEED TO GUARDIAN SELF STORAGE WD IN BOOK 11281, PAGE 641, A DISTANCE OF 54.50 FEET;

THENCE CONTINUING SOUTH 42°36'47" WEST, ALONG THE NORTHWESTERLY LINE OF PARCEL "F" AS SHOWN ON SAID HOMESTEAD WORKS PLAN NO. 1, A DISTANCE OF 58.17 FEET TO A MAG NAIL FOUND;

THENCE THE FOLLOWING FIVE (5) COURSES AND DISTANCE ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF SAID EAST WATERFRONT DRIVE:

(1) WESTERLY ALONG A CURVE TO THE LEFT, HAVING A RADIUS OF 193.70 FEET, THROUGH A CENTRAL ANGLE OF 63°54'37", AN ARC DISTANCE OF 216.06 FEET, SAID

CURVE HAVING A CHORD WITH BEARS NORTH 80°40'14" WEST, A DISTANCE OF 205.03 FEET TO A 5/8" BENT IRON ROD FOUND;

(2) SOUTH 67°22'28" WEST, A DISTANCE OF 341.60 FEET TO A POINT;

(3) WESTERLY ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 242.84 FEET, THROUGH A CENTRAL ANGLE OF 41°54'29", AN ARC DISTANCE OF 177.62 FEET, SAID CURVE HAVING A CHORD WITH BEARS SOUTH 88°19'42" WEST, A DISTANCE OF 173.69 FEET TO A 5/8" CAPPED IRON ROD "NCG PS SU075529" SET;

(4) NORTH 70°43'02" WEST, A DISTANCE OF 526.17 FEET TO A 5/8" CAPPED IRON ROD "NCG PS SU075529" SET; (5) WESTERLY ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 542.96 FEET, THROUGH A CENTRAL ANGLE OF 02°22'13", AN ARC DISTANCE OF 22.46 FEET, SAID CURVE HAVING A CHORD WITH BEARS NORTH 69°31'56" WEST, A DISTANCE OF 22.46 FEET TO A 5/8" CAPPED IRON ROD "NCG PS SU075529" SET AT THE POINT OF BEGINNING AND CONTAINING 19.215 ACRES OR 837,023 SQUARE FEET OF LAND, MORE OR LESS, BUT SUBJECT TO ALL LEGAL HIGHWAYS AND EASEMENT OF RECORD AS DETERMINED BY A SURVEY PERFORMED BY ERIC S. JACKSON, PENNSYLVANIA PROFESSIONAL SURVEYOR NO. SU075529, FOR AND ON BEHALF OF NORTH COAST GEOMATICS IN MAY OF 2018.

Address: 123 Morehead Road, Statesville, NC 28677

Legal Description:

The Land referred to herein below is situated in the County of Iredell, State of North Carolina, and is described as follows:

TRACT A

BEGINNING AT A POINT LOCATED IN STATE ROAD 2527, COMMON CORNER OF T & T COMPANY AND THE NORTHWEST CORNER OF THE CHARLES S. DOCKERY PROPERTY DESCRIBED IN DEED BOOK 840, PAGE 941, IREDELL COUNTY REGISTRY; THENCE WITH THE CENTER OF STATE ROAD NO. 2527, NORTH 01° 35' 48" EAST 981.62 FEET TO A NEW CORNER OF THE T & T COMPANY PROPERTY; THENCE WITH T & T COMPANY'S NEW LINE, SOUTH 88° 24' 28" EAST 444.13 FEET TO A CONCRETE MONUMENT, DWIGHT GOFORTH'S CORNER; THENCE WITH GOFORTH'S LINE, SOUTH 03° 35' 16" WEST 982.30 FEET TO A CONCRETE MONUMENT, DOCKERY'S CORNER; THENCE WITH DOCKERY'S LINE, NORTH 88° 23' 47" WEST 410.0 FEET TO THE POINT AND PLACE OF BEGINNING, CONTAINING 9.6243 ACRES, MORE OR LESS, ALL IN ACCORDANCE WITH A SURVEY BY GERALD V. GRANT, REGISTERED SURVEYOR, DATED 22 FEBRUARY 1994.

TRACT B

TRACT 1:

BEGINNING AT AN EXISTING PK NAIL IN THE CENTERLINE OF MOREHEAD ROAD (SR 2527) THE SOUTHEAST CORNER OF CDSF, LTD. AND THE NORTHEAST CORNER OF TSUMAS FAMILY LIMITED PARTNERSHIP AS DESCRIBED IN DEED BOOK 1334, PAGE 1891, IREDELL COUNTY REGISTRY, SAID NAIL BEING LOCATED SOUTH 01 DEG. 34 MIN. 50 SEC. WEST 930.49 FEET FROM THE POINT OF INTERSECTION OF THE CENTERLINES OF MOREHEAD ROAD (SR 2527) AND SALISBURY HIGHWAY (U.S. HWY. 70), AND SOUTH 88 DEG. 22 MIN. 11 SEC. EAST 30.03 FEET FROM AN EXISTING IRON PIN ON THE WESTERN RIGHT-OF-WAY LINE OF MOREHEAD ROAD (SR 2527); THENCE RUNNING WITH THE CENTERLINE OF MOREHEAD ROAD (SR 2527) SOUTH 01 DEG. 37 MIN. 29 SEC. WEST 1,241.85 FEET TO AN UNMARKED POINT IN THE CENTERLINE OF MOREHEAD ROAD (SR 2527) AND IN THE NORTHERN RIGHT-OF-WAY LINE OF THE PROPOSED U.S. HWY. 70 (PROJECT REFERENCE NO. R-29 11A); THENCE LEAVING THE CENTERLINE OF MOREHEAD ROAD (SR 2527) AND RUNNING THENCE WITH THE NORTHERN RIGHT-OF-WAY LINE OF THE PROPOSED U. S. HWY. 70 AND A CURVE TO THE RIGHT THAT HAS THE FOLLOWING ELEMENTS: CURVE LENGTH: 40.93; RADIUS: 16,328.71; DELTA: 0-08-37; TANGENT: 20.44; CHORD: 40.87; AND COURSE: NORTH 78 DEG. 32 MIN. 50 SEC. WEST TO AN UNMARKED POINT ON THE NORTHERN RIGHT-OF-WAY LINE OF THE PROPOSED U. S. HWY. 70, SAID POINT BEING LOCATED SOUTH 78 DEG. 28 MIN. 32 SEC. EAST 25.40 FEET FROM AN IRON PIN SET AT THE SOUTHWEST CORNER OF A PUBLIC DRAINAGE EASEMENT (PDE) ON THE NORTHERN RIGHT-OF-WAY LINE OF THE PROPOSED U. S. HWY. 70; THENCE CONTINUING WITH THE NORTHERN RIGHT-OF-WAY LINE OF THE PROPOSED U.S. HWY. 70 NORTH 78 DEG. 28 MIN. 32 SEC. WEST 139.01 FEET TO AN IRON PIN SET ON THE NORTHERN RIGHT-OF-WAY LINE OF THE PROPOSED U.S. HWY. 70 IN THE NORTHERN LINE OF P.A.C. REALTY TRUST AS DESCRIBED IN DEED BOOK 720, PAGE 692, IREDELL COUNTY REGISTRY; THENCE LEAVING THE NORTHERN RIGHT-OF-WAY LINE OF THE PROPOSED U. S. HWY. 70 AND RUNNING WITH THE NORTHERN LINES OF P.A.C. REALTY TRUST THE FOLLOWING THREE (3) COURSES AND DISTANCES: {1} NORTH 56 DEG. 55 MIN. 52 SEC. WEST 173.46 FEET TO AN EXISTING IRON PIN; {2} NORTH 32 DEG. 23 MIN. 10 SEC. WEST 193.64 FEET TO AN EXISTING IRON PIN; AND {3} NORTH 26 DEG. 48 MIN. 14 SEC. WEST 417.11 FEET TO AN EXISTING IRON PIN; SAID IRON PIN BEING THE NORTHWEST CORNER OF P.A.C. REALTY TRUST IN THE CENTERLINE OF A 50 FOOT EASEMENT FOR A NORFOLK SOUTHERN RAILROAD SPUR AND IN THE EASTERN LINE OF PURINA MILLS, INC. AS DESCRIBED IN DEED BOOK 882, PAGE 441, IREDELL COUNTY REGISTRY; THENCE RUNNING WITH THE CENTERLINE OF THE 50 FOOT EASEMENT FOR SAID RAILROAD SPUR AND THE EASTERN LINE OF PURINA MILLS, INC., NORTH 01 DEG. 46 MIN. 26 SEC. EAST 188.09 FEET TO AN EXISTING PK NAIL IN THE CENTERLINE OF THE 50 FOOT EASEMENT FOR SAID RAILROAD SPUR AND THE EASTERN LINE OF PURINA MILLS, INC., SAID NAIL BEING THE SOUTHERNMOST CORNER OF CDSF, LTD. AS DESCRIBED IN DEED BOOK 1334, PAGE 1887, IREDELL COUNTY REGISTRY, AND BEING LOCATED SOUTH 01 DEG. 58 MIN. 45 SEC. WEST 286.87 FEET FROM A NAIL IN A BOTTLE CAP, THE SOUTHWEST CORNER OF CDSF, LTD. AS DESCRIBED IN DEED BOOK 1326, PAGE 598, IREDELL COUNTY REGISTRY; THENCE RUNNING WITH THE SOUTHERN LINES OF CDSF, LTD. THE FOLLOWING FOUR (4) COURSES AND DISTANCES: {1} NORTH 31 DEG. 53 MIN. 29 SEC. EAST 332.04 FEET TO AN EXISTING IRON PIN; {2} SOUTH 88 DEG. 29 MIN. 37 SEC. EAST 87.07 FEET TO AN EXISTING IRON PIN; {3} NORTH 01 DEG. 36 MIN. 17 SEC. EAST 114.00 FEET TO AN IRON PIN SET; AND {4} SOUTH 88 DEG. 22 MIN. 11 SEC. EAST 380.00 FEET TO THE POINT AND PLACE OF BEGINNING CONTAINING 13.896 ACRES AND BEING A PORTION OF THE PROPERTY OF

THE TSUMAS FAMILY LIMITED PARTNERSHIP AS RECORDED IN DEED BOOK 1053, PAGE 1886, IREDELL COUNTY REGISTRY, AND ALL THE PROPERTY OF THE TSUMAS FAMILY LIMITED PARTNERSHIP AS RECORDED IN DEED BOOK 1334, PAGE 1891, IREDELL COUNTY REGISTRY.

THE ABOVE DESCRIPTION WAS TAKEN FROM A SURVEY BY GERALD V. GRANT & ASSOCIATES, DATED JULY 12, 2002.

LESS AND EXCEPT DEED RECORDED IN BOOK 1370, PAGE 2232 AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN EXISTING IRON PIN, THE SOUTHWEST CORNER OF A 0.179 ACRE TRACT ACQUIRED THIS DATE FROM CDSF, LTD., MARKED AS "TRACT 3" ON THE ATTACHED SURVEY, THENCE FROM THE POINT AND PLACE OF BEGINNING AND WITH THE LINE OF AMERICAN STAINLESS TUBING, INC., SOUTH 25 DEG. 23 MIN. 47 SEC. WEST 171.78 FEET TO AN IRON; THENCE SOUTH 13 DEG. 13 MIN. 22 SEC. WEST 228.18 FEET TO AN IRON; SOUTH 12 DEG. 51 MIN. 28 SEC. WEST 142.88 FEET TO AN IRON SET IN THE MARGIN OF THE NORFOLK SOUTHERN RAILROAD SPUR EASEMENT; THENCE NORTH 26 DEG. 48 MIN. 14 SEC. WEST 52.30 FEET TO AN EXISTING IRON PIN LOCATED IN THE CENTERLINE OF THE NORFOLK SOUTHERN RAILROAD SPUR TRACK; THENCE NORTH 01 DEG. 46 MIN. 26 SEC. EAST 188.09 FEET TO AN EXISTING PK NAIL; THENCE, LEAVING THE CENTERLINE OF THE NORFOLK SOUTHERN RAILROAD SPUR, NORTH 31 DEG. 53 MIN. 29 SEC. EAST 332.04 FEET TO THE POINT AND PLACE OF BEGINNING, CONTAINING 0.427 ACRES, MORE OR LESS, ALL IN ACCORDANCE WITH A SURVEY BY GERALD GRANT, PLS, DATED JULY 22, 2002, AND REVISED 8-14-02, A PORTION OF WHICH IS ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE, SAID TRACT BEING SHOWN AS "TRACT 2" THEREON.

TRACT 2:

BEGINNING AT AN IRON PIN SET IN THE NORTHWESTERNMOST CORNER OF AMERICAN STAINLESS TUBING, INC.'S PROPERTY DESCRIBED IN DEED BOOK 1358, AT PAGE 2262, IREDELL COUNTY REGISTRY, SAID PIN BEING IN THE CORNER OF CDSF, LTD.'S PROPERTY DESCRIBED IN DEED BOOK 1326, PAGE 598, IREDELL COUNTY REGISTRY; THENCE WITH THE LINE OF CDSF, LTD., NORTH 88 DEG. 22 MIN. 11 SEC. WEST 50.00 FEET TO AN IRON; THENCE CONTINUING WITH CDSF, LTD., SOUTH 19 DEG. 35 MIN. 29 SEC. WEST 120.04 FEET TO AN EXISTING IRON PIN CORNER WITH AMERICAN STAINLESS TUBING, INC.; THENCE WITH THE LINE OF AMERICAN STAINLESS TUBING, INC., SOUTH 88 DEG. 29 MIN. 37 SEC. EAST 87.07 FEET TO AN EXISTING IRON PIN; THENCE CONTINUING WITH THE LINE OF AMERICAN STAINLESS TUBING, NORTH 01 DEG. 36 MIN. 17 SEC. EAST 114.0 FEET TO THE POINT AND PLACE OF BEGINNING, CONTAINING 0.179 ACRE, MORE OR LESS, ALL IN ACCORDANCE WITH A SURVEY BY GERALD V. GRANT, PLS, DATED JULY 22, 2002, A PORTION OF WHICH SURVEY SHOWING SAID TRACT MARKED "TRACT 3" IS ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

TRACT C

BEGINNING AT A CONCRETE MARKER IN THE LINE OF A. R. MORROW, WHICH SAID MARKER IS SITUATED 341.897 FEET NORTH 05 DEGREES 51 MINUTES 37 SECONDS EAST FROM AN OLD IRON STAKE, CORNER OF A. R. MORROW AND L. GORDON, SAID POINT BEING THE NORTHEASTERN CORNER OF AHK REALTY PROPERTY AS DESCRIBED IN DEED BOOK 648, PAGE 441, IREDELL COUNTY REGISTRY, AND RUNNING THENCE NORTH 05 DEGREES 51 MINUTES 37 SECONDS EAST 400.24 FEET TO A CONCRETE MARKER IN THE LINE OF MORROW, CORNER OF AMERICAN STAINLESS TUBING, INC.; THENCE WITH AMERICAN STAINLESS TUBING'S LINE, NORTH 86 DEGREES 07 MINUTES 50 SECONDS WEST 410 FEET TO AN IRON STAKE IN THE CENTERLINE OF STATE ROAD NO. 2527 (MOREHEAD ROAD IN SOUTHEAST INDUSTRIAL PARK, AND SAID POINT BEING LOCATED APPROXIMATELY 1643.62 FEET FROM THE POINT OF INTERSECTION OF SAID ROAD WITH THE CENTERLINE OF U. S. HIGHWAY NO. 70); THENCE WITH THE CENTERLINE OF STATE ROAD NO. 2527, SOUTH 3 DEGREES 52 MINUTES 10 SECONDS WEST 400 FEET TO AN IRON STAKE IN THE CENTERLINE OF SAID ROAD; THENCE SOUTH 86 DEGREES 07 MINUTES 50 SECONDS EAST 396.1 FEET TO THE POINT OF BEGINNING, CONTAINING 3.701 ACRES, MORE OR LESS, AND BEING DESCRIBED ACCORDING TO THAT CERTAIN SURVEY PREPARED BY WESLEY E. SPRINKLE, REGISTERED SURVEYOR, DATED SEPTEMBER 17, 1974, AND BEING THE IDENTICAL PROPERTY CONVEYED TO CHARLES S. DOCKERY AND WIFE, JANE S. DOCKERY, BY DEED OF DOYLE L. DUNCAN AND WIFE, MARCELINE E. DUNCAN, DATED FEBRUARY 18, 1992, AND RECORDED IN DEED BOOK 840, AT PAGE 941, IN THE IREDELL COUNTY REGISTRY.

Address: 129 Honeycutt Road, Troutman, NC 28166

Legal Description:

The Land referred to herein below is situated in the County of Iredell, State of North Carolina, and is described as follows:

SITUATED ON STATE PARK ROAD (SR #1321) AND HONEYCUTT ROAD (SR #1322) IN THE STATE OF NORTH CAROLINA, COUNTY OF IREDELL, TOWNSHIP OF FALLSTOWN. THIS DESCRIPTION CONSISTS OF ALL OR A PORTION OF TRACTS 1 - 5 AND TRACT 7 AND TRACT 8 LISTED BELOW. THE TRACT HEREIN DESCRIBED ABUTS TRACT 6 LISTED BELOW. ALL REFERENCES ARE TO DEEDS RECORDED IN THE IREDELL COUNTY REGISTRY: TRACT 1 - BOOK 508, PAGE 3; TRACT 2 - BOOK 508, PAGE 1; TRACT 3 - BOOK 589, PAGE 212; TRACT 4 - BOOK 567, PAGE 378; TRACT 5 - BOOK 663, PAGE 214 (PORTION); TRACT 6 - BOOK 689, PAGE 948 (NONE); TRACT 7 - BOOK 735, PAGE 320 (TRACT 1); AND TRACT 8 - BOOK 735, PAGE 320 (TRACT 2), FURTHER BOUNDED AS FOLLOWS:

BEGINNING AT A POINT IN THE INTERSECTION OF THE CENTERLINE OF STATE PARK ROAD (SR #1321) AND THE CENTERLINE OF HONEYCUTT ROAD (SR #1322), SAID POINT BEING THE SOUTHWEST CORNER OF TRACT 7 AS DESCRIBED IN DEED BOOK 735, PAGE 320 (TRACT 1) IN THE IREDELL COUNTY REGISTRY AND THE NORTHWEST CORNER OF BARRY T. ALLEN, AS DESCRIBED IN DEED BOOK 1232, PAGE 601, IREDELL COUNTY REGISTRY, SAID POINT BEING LOCATED NORTH 23 DEG. 57 MIN. 58 SEC. EAST A DISTANCE. OF 196.30 FEET FROM NC GEODETIC SURVEY MONUMENT "LAW" WHICH HAS NC GRID COORDINATES OF NORTH = 704,441.11 AND EAST 1,432,374.38;

THENCE WITH THE CENTERLINE OF STATE PARK ROAD THE FOLLOWING THREE COURSES AND DISTANCES: (1) NORTH 24 DEG. 35 MIN. 07 SEC. EAST A DISTANCE OF 142.39 FEET TO A POINT; (2) NORTH 19 DEG. 21 MIN. 20 SEC. EAST A DISTANCE OF 98.87 FEET TO A POINT; AND (3) NORTH 17 DEG. 42 MIN. 08 SEC. EAST A DISTANCE OF 179.98 FEET TO A POINT, SAID POINT BEING THE NORTHWEST CORNER OF TRACT 7 AND THE SOUTHWEST CORNER OF BARBARA M. NESBIT, AS DESCRIBED IN DEED BOOK 877, PAGE 409, IREDELL COUNTY REGISTRY; SAID POINT BEING LOCATED NORTH 70 DEG. 15 MIN. 30 SEC. WEST A DISTANCE OF 30.00 FEET FROM AN EXISTING IRON PIN ON THE EASTERN RIGHT-OF-WAY LINE OF STATE PARK ROAD; THENCE WITH THE LINE OF BARBARA M. NESBIT, SOUTH 70 DEG. 15 MIN. 30 SEC. EAST A DISTANCE OF 432.60 FEET TO AN EXISTING IRON PIN, THE NORTHEAST CORNER OF TRACT 2 AS DESCRIBED IN DEED BOOK 508, PAGE 1, IREDELL COUNTY REGISTRY, A CORNER OF TRACT 1 AS DESCRIBED IN DEED BOOK 508, PAGE 3, IREDELL COUNTY REGISTRY, AND THE SOUTHEAST CORNER OF BARBARA M. NESBIT; THENCE CONTINUING WITH THE LINE OF BARBARA M. NESBIT, NORTH 35 DEG. 25 MIN. 08 SEC. EAST A DISTANCE OF 110.97 FEET TO AN EXISTING IRON PIN, A CORNER OF TRACT 1, THE NORTHEAST CORNER OF BARBARA M. NESBIT, AND THE SOUTHEAST CORNER OF BARBARA M. NESBIT AS DESCRIBED IN DEED BOOK 960, PAGE 1730, IREDELL COUNTY REGISTRY; THENCE WITH THE LINE OF BARBARA M. NESBIT, NORTH 17 DEG. 36 MIN. 03 SEC. EAST A DISTANCE OF 215.32 FEET TO AN EXISTING IRON PIN, THE NORTHWEST CORNER OF TRACT 1, THE NORTHEAST CORNER OF BARBARA M. NESBIT, THE SOUTHEAST CORNER OF CHARLES L. DONALDSON, JR. AS DESCRIBED IN DEED BOOK 487, PAGE 370, IREDELL COUNTY REGISTRY; AND THE SOUTHWEST CORNER OF TRACT 8 AS DESCRIBED IN DEED BOOK 735, PAGE 320 (TRACT 2) IN THE IREDELL COUNTY REGISTRY; THENCE WITH THE LINE OF CHARLES L. DONALDSON, JR., NORTH 17 DEG. 35 MIN. 43 SEC. EAST A DISTANCE OF 200.06 FEET TO AN EXISTING IRON PIN, THE NORTHEAST CORNER OF CHARLES L. DONALDSON, JR. AND THE SOUTHEAST CORNER OF EDWARD L. BROOKS AS DESCRIBED IN DEED BOOK 980, PAGE 715, IREDELL COUNTY REGISTRY, IN THE LINE OF TRACT 8; THENCE WITH THE LINE OF EDWARD L. BROOKS, NORTH 17 DEG. 08 MIN. 24 SEC. EAST A DISTANCE OF 198.83 FEET TO AN EXISTING IRON PIN, THE NORTHEAST CORNER OF EDWARD L. BROOKS AND THE NORTHWEST CORNER OF TRACT 8 IN THE LINE OF BARBARA M. NESBIT AS DESCRIBED IN DEED BOOK 877, PAGE 409, IREDELL COUNTY REGISTRY; THENCE WITH THE LINE OF BARBARA M. NESBIT, SOUTH 72 DEG. 31 MIN. 29 SEC. EAST A DISTANCE OF 153.26 FEET TO AN EXISTING IRON PIN, THE SOUTHEAST CORNER OF BARBARA M. NESBIT, THE NORTHEAST CORNER OF TRACT 8 IN THE LINE OF TRACT 5 AS DESCRIBED IN DEED BOOK 663, PAGE 214, IREDELL COUNTY REGISTRY, AND A NEW CORNER OF INSILCO CORPORATION (NOW OR FORMERLY); THENCE WITH A NEW LINE OF INSILCO CORPORATION, SOUTH 72 DEG. 31 MIN. 29 SEC. EAST A DISTANCE OF 925.76 FEET TO AN IRON PIN SET, A NEW CORNER OF INSILCO CORPORATION IN THE LINE OF TRACT 6 AS DESCRIBED IN DEED BOOK 689, PAGE 948, IREDELL COUNTY REGISTRY; THENCE WITH THE LINE OF TRACT 6, SOUTH 16 DEG. 16 MIN. 22 SEC. EAST A DISTANCE OF 534.05 FEET TO AN IRON PIN SET, A NEW CORNER OF INSILCO CORPORATION IN THE LINE OF TRACT 6; THENCE WITH A NEW LINE OF INSILCO CORPORATION, SOUTH 67 DEG. 10 MIN. 38 SEC. WEST A DISTANCE OF 221.37 FEET TO AN IRON PIN SET, A NEW CORNER OF INSILCO CORPORATION; THENCE WITH A NEW LINE OF INSILCO CORPORATION, SOUTH 77 DEG. 10 MIN. 52 SEC. WEST A DISTANCE OF 633.10 FEET TO A POINT IN THE CENTERLINE OF HONEYCUTT ROAD (SR #1322), A NEW CORNER OF INSILCO

CORPORATION IN THE LINE OF LOUISE H. TROUTMAN AS DESCRIBED IN DEED BOOK 182, PAGE 50, IREDELL COUNTY REGISTRY, SAID POINT BEING LOCATED SOUTH 77 DEG. 10 MIN. 52 SEC. WEST A DISTANCE OF 30.51 FEET FROM AN IRON PIN SET IN THE NORTHERN RIGHT-OF-WAY LINE OF HONEYCUTT ROAD; THENCE WITH THE LINE OF LOUISE H. TROUTMAN, NORTH 39 DEG. 49 MIN. 33 SEC. WEST A DISTANCE OF 335.66 FEET TO AN EXISTING IRON PIN, THE SOUTHWEST CORNER OF TRACT 4 AS DESCRIBED IN DEED BOOK 567, PAGE 378, IREDELL COUNTY REGISTRY, AND A CORNER OF LOUISE H. TROUTMAN IN THE LINE OF TRACT 3 AS DESCRIBED IN DEED BOOK 589, PAGE 212, IREDELL COUNTY REGISTRY; THENCE CONTINUING WITH THE LINE OF LOUISE H. TROUTMAN, SOUTH 00 DEG. 09 MIN. 32 SEC. WEST A DISTANCE OF 88.94 FEET TO A POINT IN THE CENTERLINE OF HONEYCUTT ROAD, THE SOUTHEAST CORNER OF TRACT 3 AND THE NORTHEAST CORNER OF DOUGLAS E. ROOK AS DESCRIBED IN DEED BOOK 950, PAGE 60, IREDELL COUNTY REGISTRY, A CORNER OF LOUISE H. TROUTMAN; THENCE ALONG THE CENTERLINE OF HONEYCUTT ROAD, THE FOLLOWING COURSES AND DISTANCES: (1) NORTH 81 DEG. 09 MIN. 54 SEC. WEST, A DISTANCE OF 133.62 FEET TO A POINT; (2) SOUTH 79 DEG. 27 MIN. 46 SEC. WEST A DISTANCE OF 347.10 FEET TO A POINT; (3) SOUTH 88 DEG. 10 MIN. 20 SEC. WEST A DISTANCE OF 105.68 FEET TO A POINT; AND (4) NORTH 87 DEG. 29 MIN. 29 SEC. WEST A DISTANCE OF 366.11 FEET TO A POINT, THE POINT AND PLACE OF BEGINNING, CONTAINING WITHIN SAID BOUNDS 26.537 ACRES, OR 1,155,971.55 SQUARE FEET, AND BEING DESCRIBED ACCORDING TO THAT SURVEY PREPARED BY KESTLER SURVEYING DATED 1 JUNE 2001, AND UPDATED ON 11 JULY 2001.

ALSO BEING DESCRIBED ON THE CERTAIN ALTA/NSPS LAND TITLE SURVEY, PREPARED BY BLEW & ASSOCIATES, PA ON BEHALF OF CRESURVEYS, DATED DECEMBER 17, 2018 AND LAST REVISED _____, 2019, JOB NO. 18-4823, AS FOLLOWS:

SITUATED ON STATE PARK ROAD (SR #1321) AND HONEYCUTT ROAD (SR #1322) IN THE STATE OF NORTH CAROLINA, COUNTY OF IREDELL, TOWNSHIP OF FALLSTOWN; THIS DESCRIPTION CONSISTS OF ALL OR A PORTION OF TRACTS 1 - 5 AND TRACT 7 AND TRACT 8 LISTED BELOW; THE TRACT HEREIN DESCRIBED ABUTS TRACT 6 LISTED BELOW. ALL REFERENCES ARE TO DEEDS RECORDED IN THE IREDELL COUNTY REGISTRY: TRACT 1 - BOOK 508, PAGE 3; TRACT 2 - BOOK 508, PAGE 1; TRACT 3 - BOOK 589, PAGE 212; TRACT 4 - BOOK 567, PAGE 378; TRACT 5 - BOOK 663, PAGE 214 (PORTION); TRACT 6 - BOOK 689, PAGE 948 (NONE); TRACT 7 - BOOK 735, PAGE 320 (TRACT 1); AND TRACT 8 - BOOK 735, PAGE 320 (TRACT 2), FURTHER BOUNDED AS FOLLOWS:

BEGINNING AT A POINT IN THE INTERSECTION OF THE CENTERLINE OF STATE PARK ROAD (SR #1321) AND THE CENTERLINE OF HONEYCUTT ROAD (SR #1322), SAID POINT BEING THE SOUTHWEST CORNER OF TRACT 7 AS DESCRIBED IN DEED BOOK 735, PAGE 320 (TRACT 1) IN THE IREDELL COUNTY REGISTRY AS DESCRIBED IN DEED BOOK 1232, PAGE 601, IREDELL COUNTY REGISTRY, SAID POINT BEING LOCATED NORTH 22 DEG. 56 MIN. 00 SEC. EAST A DISTANCE OF 199.40 FEET FROM NC GEODETIC SURVEY MONUMENT "LAW"; THENCE WITH THE CENTERLINE OF STATE PARK ROAD THE FOLLOWING THREE COURSES AND DISTANCES: (1) NORTH 24 DEG. 35 MIN. 07 SEC. EAST A DISTANCE OF 142.39 FEET TO A POINT; (2) NORTH 19 DEG. 21 MIN. 20 SEC. EAST A DISTANCE OF 98.87 FEET TO A POINT; AND (3) NORTH 17 DEG. 42 MIN. 08 SEC. EAST A DISTANCE OF 179.98 FEET TO A POINT, SAID POINT BEING THE

NORTHWEST CORNER OF TRACT 7; THENCE, SOUTH 70 DEG. 18 MIN. 19 SEC. EAST A DISTANCE OF 432.89 FEET TO AN EXISTING 1/2" IRON ROD, THE NORTHEAST CORNER OF TRACT 2 AS DESCRIBED IN DEED BOOK 508, PAGE 1, IREDELL COUNTY REGISTRY, A CORNER OF TRACT 1 AS DESCRIBED IN DEED BOOK 508, PAGE 3; THENCE NORTH 35 DEG. 22 MIN. 25 SEC. EAST A DISTANCE OF 111.04 FEET TO AN EXISTING 1/2" IRON ROD, A CORNER OF TRACT 1, AS DESCRIBED IN DEED BOOK 960, PAGE 1730, IREDELL COUNTY REGISTRY; THENCE NORTH 17 DEG. 32 MIN. 08 SEC. EAST A DISTANCE OF 214.88 FEET TO AN EXISTING IRON ROD, THE NORTHWEST CORNER OF TRACT 1 AS DESCRIBED IN DEED BOOK 487, PAGE 370, IREDELL COUNTY REGISTRY; AND THE SOUTHWEST CORNER OF TRACT 8 AS DESCRIBED IN DEED BOOK 735, PAGE 320 (TRACT 2) IN THE IREDELL COUNTY REGISTRY; THENCE NORTH 17 DEG. 34 MIN. 07 SEC. EAST A DISTANCE OF 200.27 FEET TO AN FOUND 1/2" IRON ROD, IN DEED BOOK 980, PAGE 715, IREDELL COUNTY REGISTRY, IN THE LINE OF TRACT 8; THENCE, NORTH 17 DEG. 04 MIN. 37 SEC. EAST A DISTANCE OF 198.74 FEET TO 1/2" IRON ROD SAID POINT ALSO BEING THE NORTHWEST CORNER OF TRACT 8 AS DESCRIBED IN DEED BOOK 877, PAGE 409, IREDELL COUNTY REGISTRY; THENCE SOUTH 72 DEG. 28 MIN. 47 SEC. EAST A DISTANCE OF 153.57 FEET TO AN EXISTING IRON ROD SAID POINT ALSO BEING THE NORTHEAST CORNER OF TRACT 8 IN THE LINE OF TRACT 5 AS DESCRIBED IN DEED BOOK 663, PAGE 214, IREDELL COUNTY REGISTRY, AND A NEW CORNER OF INSILCO CORPORATION (NOW OR FORMERLY); THENCE WITH A NEW LINE OF INSILCO CORPORATION, SOUTH 72 DEG. 31 MIN. 29 SEC. EAST A DISTANCE OF 925.76 FEET TO A 1/4" CAPPED REBAR WITH A PLS# 3175, A NEW CORNER OF INSILCO CORPORATION IN THE LINE OF TRACT 6 AS DESCRIBED IN DEED BOOK 689, PAGE 948, IREDELL COUNTY REGISTRY; THENCE WITH THE LINE OF TRACT 6, SOUTH 16 DEG. 16 MIN. 22 SEC. EAST A DISTANCE OF 534.05 FEET, TO A NEW CORNER OF INSILCO CORPORATION IN THE LINE OF TRACT 6; THENCE WITH A NEW LINE OF INSILCO CORPORATION, SOUTH 67 DEG. 10 MIN. 38 SEC. WEST A DISTANCE OF 221.37 FEET TO A NEW CORNER OF INSILCO CORPORATION; THENCE WITH A NEW LINE OF INSILCO CORPORATION, SOUTH 77 DEG. 10 MIN. 52 SEC. WEST A DISTANCE OF 633.10 FEET TO A POINT IN THE CENTERLINE OF HONEYCUTT ROAD (SR #1322), A NEW CORNER OF INSILCO CORPORATION AS DESCRIBED IN DEED BOOK 182, PAGE 50, IREDELL COUNTY REGISTRY, SAID POINT BEING LOCATED SOUTH 77 DEG. 10 MIN. 52 SEC. WEST A DISTANCE OF 30.90 FEET FROM AN 1/4" REBAR IN THE NORTHERN RIGHT-OF-WAY LINE OF HONEYCUTT ROAD; THENCE NORTH 39 DEG. 49 MIN. 33 SEC. WEST A DISTANCE OF 335.66 FEET TO THE SOUTHWEST CORNER OF TRACT 4 AS DESCRIBED IN DEED BOOK 567, PAGE 378, IREDELL COUNTY REGISTRY, AND IN THE LINE OF TRACT 3 AS DESCRIBED IN DEED BOOK 589, PAGE 212, IREDELL COUNTY REGISTRY; THENCE SOUTH 00 DEG. 09 MIN. 32 SEC. WEST A DISTANCE OF 88.94 FEET TO A POINT IN THE CENTERLINE OF HONEYCUTT ROAD, THE SOUTHEAST CORNER OF TRACT 3 AS DESCRIBED IN DEED BOOK 950, PAGE 60, IREDELL COUNTY REGISTRY; THENCE ALONG THE CENTERLINE OF HONEYCUTT ROAD, THE FOLLOWING COURSES AND DISTANCES: (1) NORTH 81 DEG. 09 MIN. 54 SEC. WEST, A DISTANCE OF 133.62 FEET; (2) SOUTH 79 DEG. 27 MIN. 46 SEC. WEST A DISTANCE OF 347.10 FEET; (3) SOUTH 88 DEG. 10 MIN. 20 SEC. WEST A DISTANCE OF 105.68 FEET; AND (4) NORTH 87 DEG. 29 MIN. 29 SEC. WEST A DISTANCE OF 366.11 FEET TO THE POINT AND PLACE OF BEGINNING, CONTAINING WITHIN SAID BOUNDS 26.54 ACRES OR 1,156,066.7 SQUARE FEET MORE OR LESS.

EXHIBIT C

FORM OF AUTHORIZATION AGREEMENT – PRE-ARRANGED PAYMENTS

KeyBank Real Estate Capital

11501 Outlook Street, Suite 300
Overland Park, KS 66211

Toll-Free: 888-979-1200

Direct: 913-317-4100

Fax: 877-379-1625



AUTO DRAFT AUTHORIZATION FORM

Client Information

Property Information

Contract Information

Contract#:

Payment Due Date:

The undersigned hereby authorizes STORE Capital Corporation, by its Servicer, to make electronic debit entries for payments and any necessary adjustments involving these entries in the account identified below and authorizes STORE Capital Corporation, by its Servicer, to accept such entries and make any necessary adjustments. Undersigned also authorizes STORE Capital Corporation, or its Servicer, to impose customary returned item processing fees. It is agreed that these entries will be made under the Rules of the National Automated Clearing House Association. You will receive advance notification if the payment amount changes in the future due to a contemplated payment change. This authorization will remain in effect until written notice of termination is delivered to STORE Capital Corporation, or its Servicer, in a timely manner so as to afford STORE Capital Corporation, or its Servicer, an opportunity to act thereon. In no event shall such termination be effective as to entries processed prior to receipt of such notice.

If the payment due date falls on a weekend or holiday, the payment will draft on the succeeding business day.

Account Information

Change to an existing Auto Draft

New Request

Bank Name: _____

Transit Routing #: _____

Account #: _____ Confirm Account #: _____

Bank Account Title: _____

Account Type: Checking Savings

ACH Draft Start Date: _____

Client Email: _____

Client Phone #: _____

Date Form Completed: _____

Signature of Authorizing Party: _____



EXHIBIT D

STATE-SPECIFIC PROVISIONS

OHIO:

Upon receipt of Lessor's invoice, Lessee shall pay its *pro rata* share of the installment of taxes for which Lessee is responsible pursuant to Section 6.01(a) (Taxes) which were a lien during the Lease Term but are due and payable following the expiration of this Lease.

Notwithstanding Section 7.02 (Alterations and Improvements), prior to commencing any alterations to the Properties, Lessee shall prepare, record, serve and post a Notice of Commencement in compliance with Ohio Revised Code Section 1311.04. Upon completion of such improvements, Lessee shall prepare and record a termination of the Notice of Commencement. Copies of all Notices of Commencement and terminations shall be delivered to Lessor within seven (7) days of recording.

NORTH CAROLINA:

All references in the Lease to "attorney's fees" shall be deemed to refer to "reasonable attorney's fees".

TEXAS:

1. Lessor and Lessee are knowledgeable and experienced in commercial transactions and agree that the provisions of this Lease for determining charges, amounts and additional rent payable by Lessee are commercially reasonable and valid even though such methods may not state a precise mathematical formula for determining such charges. **ACCORDINGLY, LESSEE VOLUNTARILY AND KNOWINGLY WAIVES ALL RIGHTS AND BENEFITS OF LESSEE UNDER SECTION 93.012 OF THE TEXAS PROPERTY CODE.**

2. To the extent not prohibited by applicable Law, Lessee hereby waives any statutory lien it may have against Lessor or its assets, including without limitation, the Properties and any Personalty.

3. Lessee hereby waives, for itself and all persons or entities claiming by, through, and under Lessee, including creditors of all kinds, (a) any right and privilege which Lessee has under any present or future constitution, statute, or rule of law 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 constitution, statute or rule of law that exempts property from liability for debt or for distress for rent; (c) any provision of law relating to notice or delay in levy of execution in case of eviction of a Lessee for nonpayment of rent; and (d) any benefits and lien rights which may arise pursuant to Section 91.004 of the Texas Property Code. In any event, Lessor and Lessee hereby acknowledge and agree that no lien or

set-off rights of Lessee shall arise or attach under any circumstances until Lessee shall have obtained a final, binding and nonappealable judgment in its favor from a court of competent jurisdiction.

PENNSYLVANIA:

Lessor and Lessee agree as follows:

1. The second full paragraph on page 1 of the Lease is revised to read:

“In consideration of the mutual covenants and agreements contained in this Lease, intending to be legally bound, Lessor and Lessee covenant and agree as follows:”

2. The following is added as a new Section 12.05 to the Lease:

12.05 **Proceedings.** In any action of ejectment and/or for Rental, Lessor shall first cause to be filed in such action an affidavit made by it or someone acting for it, setting forth the facts necessary to authorize the entry of judgment, and, if a true copy of this Lease (and of the truth of the copy such affidavit shall be sufficient evidence) be filed in such action, it shall not be necessary to file the original as a warrant of attorney, any rule of Court, custom or practice to the contrary notwithstanding.

3. The following is added as a new Section 12.06 to the Lease:

12.06 **Waiver of Notice to Quit.** Lessee agrees to give up certain legal rights as provided by the Landlord and Tenant Act of 1951, as amended, 68 P.S. § 250.101, *et seq.*, including, but not limited to the ten (10) or thirty (30) day notice period which is contained in § 501 thereof, or any other notice period established by applicable law. No notice will be required to be given by Lessor to Lessee to leave and give up the Properties. Lessee will be asked to leave the Properties without notice under any of the following conditions:

- (a) Lessee does not leave any Property at the end of the Lease Term.
- (b) Lessee breaks any of the terms or conditions of this Lease.
- (c) Lessee fails, upon demand, to make all Rental payments and other payments when due.

4. THIS LEASE AND ALL THE OTHER DOCUMENTS EXECUTED IN CONNECTION HERewith EMBODY THE FINAL, ENTIRE AGREEMENT OF LESSOR AND LESSEE AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR

PH 3519453.2

STORE/Ascent
4th A&R Master Lease Agreement
9 Properties in OH, NC, PA, SC, TN and TX

SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF LESSOR AND LESSEE.
THERE ARE NO ORAL AGREEMENTS BETWEEN LESSOR AND LESSEE.

PH 3519453.2

STORE/Ascent
4th A&R Master Lease Agreement
9 Properties in OH, NC, PA, SC, TN and TX

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:

PH 3519453.2

STORE/Ascent
4th A&R Master Lease Agreement
9 Properties in OH, NC, PA, SC, TN and TX

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:

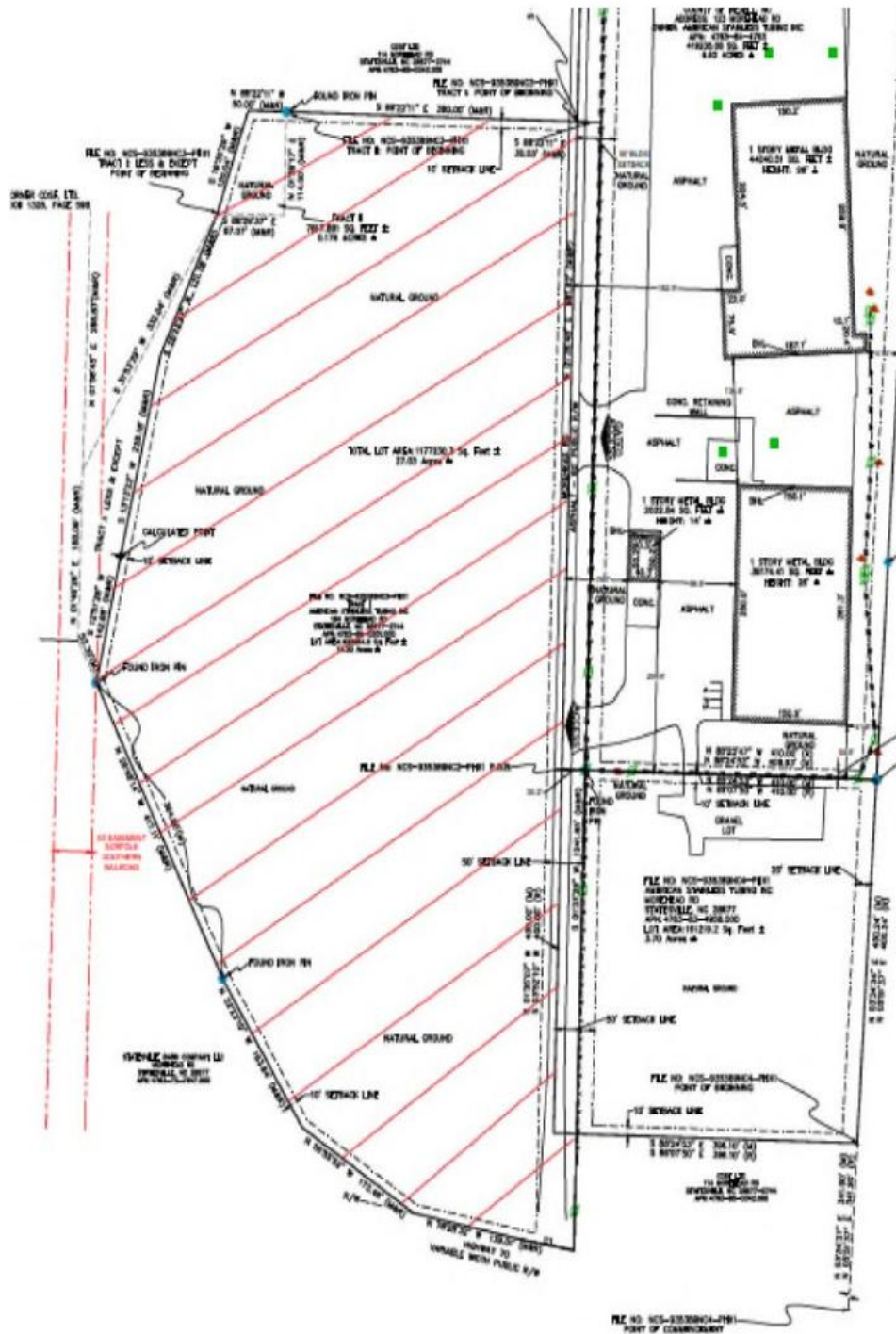
Cost Goods Sold	_____	_____	_____
Labor Expenses	_____	_____	_____

Explanations of non-recurring and non-cash items:

SCHEDULE 17.01

PURCHASE OPTION AREA

STATESVILLE, NC OPTION AREA



PH 3519453.2

STORE/Ascent
4th A&R Master Lease Agreement
9 Properties in OH, NC, PA, SC, TN and TX

CERTIFICATIONS

I, J. Bryan Kitchen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ascent Industries Co.;
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 officers 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 officers 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.

Date: November 12, 2024 /s/ J. Bryan Kitchen
J. Bryan Kitchen
Chief Executive Officer

CERTIFICATIONS

I, Ryan Kavalasuskas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ascent Industries Co.;
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 officers 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 officers 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.

Date: November 12, 2024 /s/ Ryan Kavalasuskas
Ryan Kavalasuskas
Chief Financial Officer

Certifications Pursuant to 18 U.S.C. Section 1350

The undersigned, who are the chief executive officer and the chief financial officer of Ascent Industries Co., each hereby certifies that, to the best of his knowledge, the accompanying Form 10-Q of the issuer fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Date: November 12,
2024 /s/ J. Bryan Kitchen
J. Bryan Kitchen
Chief Executive Officer

Date: November 12,
2024 /s/ Ryan Kavalauskas
Ryan Kavalauskas
Chief Financial Officer