

COMMERCIAL LEASE AGREEMENT

This Lease Agreement ("Lease") is entered into and made effective as of August 1, 2020, by and between:

LANDLORD: Regency Centers Corporation

TENANT: HomeMax Superstore Inc

WHEREAS, Landlord is the owner of certain real property located at 5500 Gateway Boulevard, Pad A, Jacksonville, FL 32218; and

WHEREAS, Tenant desires to lease said premises for the purpose of home improvement retail, garden center, lumber yard, tool rental, and installation services;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1 - PREMISES

1.1 Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the premises located at 5500 Gateway Boulevard, Pad A, Jacksonville, FL 32218, comprising approximately 95,000 rentable square feet (the "Premises"), as more particularly described in Exhibit A attached hereto and incorporated herein by reference.

1.2 The Premises consist of approximately 95,000 square feet of Absolute Triple Net (NNN) space as measured in accordance with BOMA standards (ANSI/BOMA Z65.1-2017).

ARTICLE 2 - TERM

2.1 The term of this Lease shall commence on August 1, 2020 (the "Commencement Date") and shall expire on July 31, 2040 (the "Expiration Date"), unless sooner terminated in accordance with the provisions of this Lease.

2.2 Renewal Options: Four (4) five-year renewal options at the lesser of (a) CPI-adjusted rent or (b) 95% of the then-prevailing fair market value for comparable anchor retail space in the Jacksonville metropolitan area. Notice of renewal required no later than twelve (12) months prior to expiration.

ARTICLE 3 - RENT

3.1 Base Rent: Tenant shall pay to Landlord base monthly rent in the amount of \$125,000.00 per month, payable in advance on the first day of each calendar month during the term of this Lease. Annual base rent equals \$1,500,000.00.

3.2 Security Deposit: No security deposit is required under this Lease.

3.3 Escalation: Base rent increases by a fixed 10% every five (5) years on the anniversary of the Commencement Date. This increase is not compounding (each increase is calculated on the original base rent of \$125,000/month).

3.4 Late Payment: If any installment of rent is not received by Landlord within five (5) business days after

the due date, Tenant shall pay a late charge equal to 5% of the overdue amount, plus interest at the rate of 1.5% per month on the unpaid balance.

ARTICLE 4 - PERMITTED USE

4.1 Home improvement retail, garden center, lumber yard, tool rental, and installation services. Tenant may also operate an outdoor seasonal sales area as shown in Exhibit E.

4.2 Tenant shall not use the Premises for any unlawful purpose or in any manner that would constitute a nuisance, violate any applicable zoning ordinance, or increase the rate of insurance on the Premises or the building in which the Premises are located.

ARTICLE 5 - LEASE TYPE AND ADDITIONAL CHARGES

5.1 Lease Type: This Lease is a Absolute Triple Net (NNN) lease.

5.2 CAM Charges: Not applicable for the pad site. Tenant contributes \$0.50 per square foot (\$47,500 annually) to the Gateway Shopping Center marketing fund for advertising, promotions, and events.

5.3 Tax Obligations: Tenant shall pay one hundred percent (100%) of all real estate taxes, assessments, and governmental charges directly to the Duval County Tax Collector. Tenant shall have the right to contest any tax assessment in good faith, provided Tenant posts adequate security for payment.

ARTICLE 6 - RENEWAL OPTIONS

6.1 Four (4) five-year renewal options at the lesser of (a) CPI-adjusted rent or (b) 95% of the then-prevailing fair market value for comparable anchor retail space in the Jacksonville metropolitan area. Notice of renewal required no later than twelve (12) months prior to expiration.

ARTICLE 7 - TERMINATION

7.1 Tenant may terminate after Year 10 if the Co-Tenancy Clause (Article 15) is violated for a continuous period of twelve (12) months, provided Tenant has first given Landlord notice and a six (6) month cure period. No other early termination right exists for either party.

7.2 Upon expiration or termination, Tenant shall surrender the Premises in good condition and repair, reasonable wear and tear excepted, and shall remove all personal property and trade fixtures.

ARTICLE 8 - MAINTENANCE AND REPAIRS

8.1 Tenant Responsibilities:

- Entire premises including roof, roof membrane, and all rooftop equipment
- Structural elements and foundation (absolute NNN)
- Parking lot including repaving, striping, lighting, and drainage
- Landscaping and irrigation for the pad site
- All HVAC equipment, including replacement
- Building exterior including facade, paint, and signage
- Fire and life safety systems

8.2 Landlord Responsibilities:

- None. This is an absolute NNN lease. Tenant is responsible for 100% of all maintenance, repairs, and capital replacements for the premises and the pad site.

ARTICLE 9 - INSURANCE

9.1 Tenant shall maintain the following insurance coverages throughout the term of this Lease:

- General Liability (\$25,000,000 per occurrence)
- Property Insurance (full replacement cost)
- Workers Compensation (statutory limits)
- Umbrella/Excess Liability (\$25,000,000)
- Environmental Liability (\$5,000,000)

9.2 Minimum aggregate coverage: \$25,000,000.

9.3 Tenant shall name Landlord as an additional insured on all liability policies and shall provide Landlord with certificates of insurance upon request.

9.4 All insurance policies shall be issued by carriers with an A.M. Best rating of A- VII or better.

ARTICLE 10 - KEY PROVISIONS AND SPECIAL TERMS

10.1 Co-Tenancy Clause: Landlord shall maintain a minimum occupancy level of 70% of the gross leasable area of Gateway Shopping Center. If occupancy falls below 70% for twelve (12) consecutive months, Tenant may (a) reduce rent to 50% of base rent during the period of non-compliance, or (b) terminate the Lease upon six (6) months written notice.

10.2 Exclusive Use: No other tenant within a 3-mile radius of the Shopping Center that is controlled by Landlord or its affiliates may operate a home improvement, hardware, lumber, or tool rental business.

10.3 Pylon Sign: Tenant is entitled to the top position on the Gateway Shopping Center pylon sign with a minimum sign face of 80 square feet.

10.4 Building Signage: Tenant may install illuminated signage on all four (4) building facades, subject to local code compliance.

10.5 Drive-Through Lumber Yard: Tenant operates a drive-through lumber yard on the east side of the building as shown in Exhibit E. The lumber yard area (approximately 15,000 SF) is included in the leased premises.

10.6 Garden Center: Tenant operates a 10,000 SF enclosed garden center with retractable roof panels on the south side of the building.

10.7 No security deposit required based on Tenant's investment-grade credit rating (S&P: BBB+).

ARTICLE 15 - CO-TENANCY

Landlord represents that as of the Commencement Date, Gateway Shopping Center has a gross leasable area of approximately 450,000 square feet with 92% occupancy. Landlord agrees to use commercially reasonable efforts to maintain occupancy above 70%. The co-tenancy requirement shall be measured quarterly based on the ratio of occupied gross leasable area to total gross leasable area.

ARTICLE 16 - EXCLUSIVE USE

Landlord covenants that it will not lease, rent, or permit any space within the Gateway Shopping Center

or within a 3-mile radius of the Shopping Center that is owned or controlled by Landlord to any tenant whose primary business is home improvement retail, hardware sales, lumber sales, or tool rental. This restriction shall not apply to general merchandise retailers that incidentally sell hardware items.

ARTICLE 17 - CAPITAL IMPROVEMENTS

As an absolute NNN lease, Tenant is responsible for all capital improvements including but not limited to roof replacement, HVAC replacement, parking lot repaving, and structural repairs. Tenant shall maintain a capital reserve account with a minimum balance of \$500,000 for such purposes.

GENERAL PROVISIONS

Governing Law: This Lease shall be governed by and construed in accordance with the laws of the state in which the Premises are located, without regard to conflict of law principles.

Entire Agreement: This Lease constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, representations, warranties, commitments, offers, and agreements, whether written or oral.

Amendments: This Lease may not be modified or amended except by a written instrument signed by both Landlord and Tenant.

Notices: All notices required or permitted under this Lease shall be in writing and shall be deemed delivered when personally delivered, or three (3) business days after deposit in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to the respective parties at the addresses set forth above or at such other address as either party may designate by notice.

Severability: If any provision of this Lease is held to be invalid or unenforceable, the remaining provisions shall continue in full force and effect.

Waiver: The failure of either party to enforce any provision of this Lease shall not be construed as a waiver of such provision or the right to enforce it at a later time.

SIGNATURES

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first written above.

LANDLORD:

Regency Centers Corporation
Date: August 1, 2020

TENANT:

HomeMax Superstore Inc

Date: August 1, 2020