

## **LEASE AGREEMENT**

THIS LEASE AGREEMENT (the "Lease") is made and entered into as of the 1<sup>st</sup> day of February, 2017 (the "Effective Date"), by and between **DORRIS PROPERTIES, LLC**, a South Carolina Limited Liability Company, (hereinafter referred to as "Landlord"), and **KAPSTONE CONTAINER CORPORATION**, a Georgia corporation, (hereinafter referred to as "Tenant").

### **WITNESSETH:**

FOR AND IN CONSIDERATION of the rents and the mutual terms, covenants and conditions stated hereinafter, the Landlord and Tenant do hereby agree as follows:

#### **1. Lease of Premises.**

(a) **Premises:** The Landlord does hereby lease and demise to the Tenant, and the Tenant does hereby take and lease from the Landlord, upon and subject to the terms, conditions, covenants and provisions hereinafter set forth, all that certain piece, parcel or lot of land, together with the buildings and improvements thereon, located at 306 South Buncombe Road in Greenville County, South Carolina, (hereinafter collectively referred to as the "Premises"), consisting of 14.33 acres, being more fully described on **Exhibit A** attached hereto, and depicted as "Tract Two" on that certain survey entitled "Subdivision Survey for Dorris Properties, LLC" prepared by W.R. Williams, Jr., dated January 30, 2017 and recorded in the Registry of Deeds Office for Greenville County in Plat Book 1261, at Page 0060 (the "Survey") attached hereto as **Exhibit A-1**.

(b) **Permitted Use:** Tenant and Tenant's permitted successors, assignees and sublessees shall use and occupy the Premises for the manufacture and inventory of cardboard boxes, packaging supplies, corrugated dunnage, and specialty shipping containers and any ancillary use related thereto (collectively, the "Permitted Use").

(c) **No Interference.** So long as no Event of Default is then continuing, Landlord covenants that Tenant shall quietly hold, occupy and enjoy the Premises throughout the Term, and Landlord shall not interfere, in any material respect, with any or all of (i) Tenant's rights to occupy and use the Premises (in the manner and for the Permitted Use contemplated hereunder), or (ii) Tenant's right of access, ingress and egress to and from the Premises.

#### **2. Term and Renewal.**

(a) **Initial Term:** Twenty-five (25) years, said term beginning on the Effective Date (the "Commencement-Date"), and terminating at midnight on the 31<sup>st</sup> day of January, 2042 (the "Initial Term"). It is understood and agreed that every twelve calendar months from February 1, 2017 shall constitute a lease year (a "Lease Year").

(b) **Renewal Terms:** Tenant shall have two (2) options to renew the Term of the Lease for successive periods of five (5) years each (each a "Renewal Term" and collectively the "Renewal Terms"). The Renewal Terms may be exercised by Tenant's written notice to

Landlord (the "Renewal Exercise Notice") delivered at least ninety (90) days prior to the end of the Initial Term and/or the first Renewal Term, as applicable.

The Renewal Terms will be upon the same terms and conditions as during the Initial Term, except as otherwise provided herein.

As used in this Lease, "Term" means both the Initial Term and the Renewal Terms, unless the context clearly requires otherwise.

3. Rental. Annual rents shall be payable in equal monthly installments, in advance on the first day of each month. During the first five (5) Lease Years of the Initial Term, Tenant shall pay to Landlord annual rents in the amount of Five Hundred Sixty Thousand Nine Hundred Ninety-Five Dollars (\$560,995.00), payable in equal monthly installments of Forty-Six Thousand Seven Hundred Fifty Dollars (\$46,749.58). Thereafter, rent shall increase by 2.5% each and every five (5) Lease Years during the Term, as set forth below (the "Rent"):

	<u>Annual</u>	<u>Monthly</u>
Lease Years 1-5	\$560,995.00	\$46,749.58
Lease Year 6-10	\$575,019.86	\$47,918.32
Lease Year 11-15	\$589,395.36	\$49,116.28
Lease Year 16-20	\$604,130.24	\$50,344.19
Lease Year 21-25	\$619,233.50	\$51,602.79
Renewal Term One	\$634,714.38	\$52,892.87
Renewal Term Two	\$650,582.20	\$54,215.18

4. Additional Rent. This Lease is a "true" net lease. Tenant shall pay as additional rent throughout the Term of this Lease, the following expenses:

(a) Real Estate Taxes. All real estate taxes and assessments of every kind or nature which are now or may hereafter be imposed or assessed upon the Premises by federal, state, or local government authority (collectively, "Property Taxes"). Such items shall be prorated for periods outstanding at the commencement or the termination of this Lease based upon the period that Landlord and Tenant were in possession of the Premises. Tenant shall have the right to contest the amount or validity, in whole or in part, of any Property Tax or to seek a reduction in the valuation of the Premises, or any portion thereof, as assessed for real estate property tax purposes by appropriate proceedings diligently conducted in good faith (but only after the deposit or payments (whether under protest or otherwise) of any amounts required by applicable law to stay or prevent collection activities). If Tenant desires to contest the validity of any Property Tax, Tenant shall, on or before ten (10) calendar days prior to the due date thereof, notify Landlord, in writing, that Tenant intends to so contest same.

Tenant shall, on or before the date Property Taxes become delinquent, make such payments directly to the intended recipient thereof. Prorations of such amounts at the commencement and termination of this Lease, as set forth above, shall be based upon bills for the immediately prior period unless actual amounts can be determined. Upon receipt of the actual bill for such period, the party receiving such bill shall promptly forward same to the other party,

and Landlord and Tenant shall then make such adjustment and payment as shall be required to make such proration accurate. Landlord shall be entitled, but shall have no obligation, to pay any taxes, utilities, or insurance not promptly paid by Tenant as required above, in which case the amount of such payment must be reimbursed to Landlord by Tenant (with interest thereon at one and one half percent (1-1/2%) per month until paid) within ten (10) days after notice of such payment is given by Landlord to Tenant.

(b) Utilities. All charges for air conditioning, heat, water, sewer, garbage collection, security, gas, electricity, light, telephone, or any communication or utility service used in or rendered or supplied to the Premises through the term of this Lease. Such items shall be prorated for periods outstanding at the commencement or the termination of this Lease.

(c) Insurance. All premiums for the insurance coverage on the Premises or respecting business operations thereon as set forth in Section 5 hereof.

(d) Personal Property Taxes. Tenant shall report, file and pay all taxes and assessments due and payable on the personal property of Tenant located on and in the Premises.

5. Insurance Coverage. Tenant shall at all times maintain the following insurance coverage respecting the Premises and its business operations thereon: fire and hazard insurance on the buildings constituting portions of the Premises for not less than the full replacement cost thereof; liability insurance for personal injury and property not less than One Million and no/100 (\$1,000,000.00) Dollars in respect to one person or one occurrence and Five Million and no/100 (\$5,000,000.00) Dollars in the aggregate; workers' compensation insurance required by South Carolina law; hazard insurance on all contents and property of Tenant at the Premises; and such other insurance coverages required by this Lease. All such insurance coverage shall (except in the case of workers' compensation insurance or hazard insurance on the contents and property of Tenant at the Premises and the property of other persons temporarily stored at the Premises) name Landlord as an additional insured, and Tenant shall use its best efforts to provide Landlord with at least thirty (30) days prior written notice of cancellation, non-renewal, or material amendment. All insurance shall be obtained from a reputable, highly rated national insurance company licensed and in good standing in South Carolina, but the required amount of coverage of any such policy will not exceed the amount which can be obtained at standard market rates. Tenant shall furnish the Landlord with a certificate of the insurer showing the correct insurance coverages at least five (5) days prior to the expiration of the previous policies.

6. Waiver of Subrogation. Each party waives, for itself and its respective insurance companies and for its officers, employees and agents, any and all rights of recovery and claims by way of subrogation against the other party, its officers, agents or employees, for the full amount of any loss to the extent covered by any insurance.

7. Use and Condition of Premises. The Landlord acknowledges that the Tenant contemplates using the Premises for offices, storage, sale, manufacturing and distribution of packaging products. Except as otherwise set forth herein and in that certain Asset Purchase Agreement, dated as of January 17, 2017, by and among Tenant, Associated Packaging, Inc., a South Carolina corporation, Fast Pak, LLC a South Carolina limited liability company, William Scott Dorris and Bradley Franklin Dorris, Tenant has fully inspected the Premises, is fully aware

of the physical condition of the same and hereby accepts the Premises in their present, "AS IS" condition as fully suitable for the purposes for which the same are leased.

8. Maintenance of Premises and Repairs.

(a) Tenant's Obligations: Except for (i) Landlord's Obligations set forth in Section 8(b) and 9 below, (ii) as set forth in Sections 16 and 17, and (iii) any maintenance and repair costs due exclusively to the negligence or willful misconduct of Landlord and/or its agents, servants or employees, Tenant covenants and agrees that it will, at its own expense, keep and maintain the Premises in good order, condition and repair, reasonable wear and tear excepted. Routine upkeep and cleaning of the buildings, parking surfaces and driveways; and mowing of grass and care of shrubbery and other landscaping shall be the responsibility of Tenant. The Premises shall be surrendered to Landlord no later than noon on the last day of the Term with the entire Premises and all improvements thereon in as good repair as when delivered to Tenant, reasonable wear and tear excepted.

(b) Landlord's Obligations: Landlord shall promptly perform all necessary maintenance, repair and replacement to the structural elements of the Premises (whether now existing or to be constructed), including maintaining the same in good condition and repair and having no less than the quality of fit, finishes, systems, and appearance as exists as of the Effective Date, minor wear and tear excepted, and otherwise in compliance with all applicable Laws (provided such repairs are not necessitated or occasioned by a Tenant) which shall include: the foundation, roof, exterior walls and load bearing walls. Notwithstanding the foregoing, Tenant shall pay any costs of maintenance, replacement and repair due exclusively to any act, omission, misuse or abuse or default of Tenant and/or its agents, servants or employees. Provided it meets the requirements and standards set forth in this Lease, Landlord shall, in its reasonable discretion, determine the appropriate remedial action required of it to satisfy its maintenance obligations hereunder.

9. Voluntary Cleanup Contract. The Premises is the subject of a Voluntary Cleanup Contract between the Landlord and the South Carolina Department of Health and Environmental Control ("SCDHEC") dated June 29, 2006, and designated as 06-5385(I)-NRP (the "Voluntary Cleanup Contract") pursuant to the Brownfields/Voluntary Cleanup Program (S.C. Code § 44-56-710, *et seq.*), the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. § 9601, *et seq.*), and the South Carolina Hazardous Waste Management Act (S.C. Code § 44-56-200, *et seq.*). The Premises contains Hazardous Materials and contaminants in excess of allowable concentrations for the unrestricted use of the Premises. The Premises are undergoing investigation and remediation by Textron, Inc. ("Textron") which was a former owner of the Premises. Homelite and John Deere also formally owned the premises. The Voluntary Cleanup Contract permits the Premises to be used for commercial and industrial uses, but not residential uses. As part of its obligations under the Voluntary Cleanup Contract, the Landlord executed a Declaration of Covenants and Restrictions (the "Restrictive Covenants") which was recorded on August 24, 2006, in the Office of the Register of Deeds for Greenville County in Deed Book 2223 at pages 1474-1480. A copy of the Voluntary Cleanup Contract and the Restrictive Covenants are attached as Exhibit B to this Lease.

The terms and conditions of the Voluntary Cleanup Contract apply to and inure to the benefit of both the Landlord and the Tenant. The Landlord warrants and represents that it has completed its obligations under Sections 5, 6 and 12 of the Voluntary Cleanup Contract, it has obtained a Certificate of Completion under Section 15 of the Voluntary Cleanup Contract, and it has executed and recorded the Restrictive Covenants in accordance with Section 16 of the Voluntary Cleanup Contract (hereinafter collectively referred to as the "Completed VCC Obligations"). Subsection 2(K) of the Voluntary Cleanup Contract provides that the intended use of the Premises is for the manufacture and inventory of cardboard boxes, packaging supplies, corrugated dunnage, and specialty shipping containers. The Tenant understands that Section 19 of the Voluntary Cleanup Contract provides that if the business activities on the Premises or the use of the Premises change such that they are inconsistent with the terms and conditions of the Voluntary Cleanup Contract, then the releases/contribution protections afforded the Landlord and the Tenant shall be null and void and the Tenant agrees not to make any change to the business activities or uses of the Premises that would be inconsistent with the Voluntary Cleanup Contract. In addition, the Restrictive Covenants impose certain restrictions and covenants on the Premises and the Landlord and the Tenant shall be bound by the terms and conditions of the Restrictive Covenants and the Tenant shall be responsible for complying with the terms and conditions of the Restrictive Covenants, including but not limited to, the certification and statement of maintenance specified in Section 6 of the Restrictive Covenants.

The Tenant understands that the Voluntary Cleanup Contract provides that SCDHEC, applicable federal agencies, and "Responsible Parties," including Textron shall have the right of access to the Premises and also the right to perform "response actions" on and under the Premises, and the Tenant agrees that it will not deny access to the Premises and shall permit SCDHEC, applicable federal agencies, and Responsible Parties to perform response actions on the Premises.

10. Alterations. Except for structural alterations to the Premises which shall require Landlord's prior consent, which consent shall not be unreasonably withheld, conditioned or delayed, Tenant may make any alterations to the improvements on the Premises without Landlord's consent. Notwithstanding the foregoing, if required by Landlord, in advance of the expiration or earlier termination of the Lease, Tenant shall be required to remove such alterations and return the Property to the condition existing prior to the Effective Date.

11. Entry by Landlord. Landlord, its agents, officers or assigns shall have the right to enter the Premises upon twenty-four (24) hours advance written notice during normal working hours throughout the term of this Lease for the following purposes: (i) to inspect the general condition and state of repair of the Premises; (ii) to perform such maintenance as may be required or permitted of Landlord; (iii) to show the Premises to any prospective tenant or purchaser; (iv) to inspect the Premises as required by governmental agencies or insurance companies; or (v) for any other reasonable purpose. In addition, Landlord, its agents, officers or assigns, may enter the Premises at any time in an emergency to take any action which Landlord reasonably deems necessary to protect the Premises. Notwithstanding the foregoing, prior to Landlord entering the Premises, for any reason, Landlord shall execute a confidentiality and indemnification agreement in form and substance reasonably acceptable to Tenant.

12. Signs. Tenant shall have the right at its own cost and expense, throughout the Term of this Lease to install and maintain signs at such places upon the Premises as Tenant, in its sole discretion, may desire; provided said installment complies with applicable laws, zoning restrictions and restrictive covenants affecting said location. Upon the expiration of this Lease, Tenant shall remove any such signs placed upon said premises and shall repair any damage to the Premises caused by the erection or removal thereof.

13. Assignment and Subletting. Except as provided herein, Tenant shall not, directly or indirectly, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, assign this Lease or any interest herein, or sublease the Premises or any part thereof. Notwithstanding the foregoing, or anything to the contrary contained in this Lease, Tenant may, without the prior written consent of Landlord assign the Lease or sublease any portion of the Premises to (i) an Affiliate of Tenant, (ii) a successor by merger or other corporate reorganization of Tenant, or (iii) the purchaser of all or substantially all of Tenant's business operations being conducted on the Premises. For purposes hereof, "Affiliate" means any, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, trustee(s) of a trust, unincorporated organization, or government or governmental authority, agency or political subdivision thereof (collectively, a "Person"), Controlled by, Controlling, or under Common Control with another Person. Unless otherwise specified, all references herein to an "Affiliate" or to "Affiliates" shall refer to an Affiliate or Affiliates of Tenant. For purposes hereof, an Affiliate of any of the Persons which then comprise the Tenant hereunder shall be deemed to be an Affiliate of the Tenant (regardless of whether such Person is an Affiliate of all of the Persons which then comprise the Tenant hereunder). For purposes hereof, "Control" including with correlative meanings, the terms "Controlling," "Controlled by" and "under Common Control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting interests or securities, by contracts or otherwise.

14. Default of Tenant.

(a) Events of Default. The occurrence of any of the following events shall constitute a breach of this Lease:

(i) The failure of Tenant to pay Rent or to make any other payment of money as herein required when due for a period of ten (10) days after delivery by Landlord of a written notice to Tenant of any such failure.

(ii) The expiration of a period of sixty (60) days following (i) the adjudication of Tenant as a bankrupt by any court of competent jurisdiction, (ii) the entry of an order approving a petition filed by one other than Tenant, seeking reorganization of Tenant under the bankruptcy laws of the United States or of any state, (iii) the appointment of a trustee or receiver of all or substantially all of the business or property of Tenant, or (iv) the levy of any attachments, execution or garnishment upon the interest of Tenant hereunder, or upon the leasehold estate hereby created, unless during such period such adjudication, order or appointment of a receiver or trustee, attachment, execution or garnishment shall be vacated or unless within such period Tenant shall have taken proper action to vacate such adjudication,

order or appointment of a receiver or trustee, attachment, execution or garnishment, and in such event such occurrence shall not constitute a breach of this Lease until final adjudication of the matter.

(iii) The filing by Tenant of a voluntary petition in bankruptcy or the making of an assignment for the benefit of creditors, the consenting by Tenant to the appointment of a receiver or trustee of all or any part of its property, the filing by Tenant of a petition or answer seeking reorganization under bankruptcy law or any other applicable law, or the filing by Tenant of a petition to take advantage of any insolvency act.

(iv) The failure of Tenant to correct any nonmonetary default hereunder, within thirty (30) days after delivery by Landlord to Tenant of a written notice of such default, or if the default is of such a nature that it cannot be corrected within thirty (30) days after such notice, then the failure of Tenant within such period to commence and thereafter proceed diligently to cure such default.

(b) Remedies upon Default. Landlord shall have the following remedies upon Tenant's default:

(i) Upon the occurrence of any event of default described above, Landlord, in addition to and without prejudice to any other rights or remedies it might have, will have the immediate right to re-enter and repossess the Premises or any part thereof, removing all persons and property, which property may be stored in a public warehouse or elsewhere at the cost and risk of Tenant. In addition to or in lieu of such re-entry, and without prejudice to any other rights or remedies it may have, Landlord will have the right to either (i) terminate this Lease, accelerate the due date of all rents due or to come due hereunder, and recover from Tenant all damages incurred by Landlord as a result of Tenant's default, or (ii) continue this Lease in effect and recover rent and other charges and amounts as they become due.

(ii) Even if Tenant is in default, this Lease will continue in effect for so long as Landlord does not terminate this Lease as provided below and Landlord may enforce all of its rights and remedies under this Lease, including the right to:

A. bring suit for the collection of the rent or other amounts for which Tenant may be in default, or for the performance of any other obligation of Tenant hereunder, all without entering into possession or terminating this Lease;

B. re-enter the Premises, without thereby terminating this Lease, and re-let the Premises, applying the rent it receives first to the payment of the reasonable expense of such re-entry and re-letting, then to the payment of the monthly rent accruing hereunder, and the balance, if any, will be held for the benefit of Tenant to be used to pay for any subsequent amounts due from Tenant. Whether or not the Premises are re-let, Tenant will remain liable for any deficiency in rent; and

C. terminate this Lease effective on the date there is ten (10) days following receipt by Tenant of Landlord's notice of such termination and recover from Tenant all damages incurred by Landlord as provided in subsection 14-B(a) above, whereupon Tenant will be wholly discharged from this Lease.

Without limiting its rights as stated above, Landlord will use good faith efforts to re-let the Premises and mitigate damages

15. Holding Over. In case Tenant holds over after the end of the Term herein provided, such tenancy shall be from month-to-month only, and not a renewal hereof; subject, however, to every other term, covenant and condition of this Lease, and the Rent shall be 125% of the monthly rate of the last year of the applicable Lease Year.

16. Damage or Destruction.

(a) If any building or improvement upon the Premises is totally or partially destroyed or damaged as a result of a casualty or hazard against which Tenant is required to carry insurance and all or part of the insurance proceeds are due or required to be paid to Landlord, Tenant shall immediately notify Landlord of such fact. Tenant may then, at its expense, either (1) promptly repair, replace or rebuild such building or other improvement at least to the condition existing prior to the casualty, or (2) delay the commencement of the work until the proceeds of all insurance policies covering the casualty or hazard are made available to it for such purpose, unless such delay would be the cause of additional material damage to the Premises. Tenant shall continue the commenced work with reasonable diligence until its completion.

(b) Tenant shall make any repair, replacement or rebuilding in accordance with applicable plans and specifications. If the estimated cost of the work is more than \$50,000.00, the plans and specifications shall first be submitted to and approved in writing by the Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Before any work is commenced the plans and specifications shall be filed with and approved by all applicable municipal or other governmental authorities. Before commencing the work, Tenant shall procure at its expense and deliver to Landlord all policies of insurance usually required in connection with such work.

(c) For purposes of paying the cost of repair, replacement or rebuilding, the Tenant shall keep the insurance proceeds in an escrow account and disburse the same during the course of the work. If the proceeds are insufficient to pay the cost of the work, the Tenant shall pay the deficiency. If the proceeds exceed the cost of such work, the Tenant may retain the excess.

(d) If at any time within six months before the end of the Initial Term or any Renewal Term, the buildings and improvements on the Premises are completely destroyed or so damaged by fire or other casualty, regardless of whether covered by insurance, so as to render them unfit for their intended use, and repair or restoration is not economically feasible, either party may terminate this Lease by giving at least ten (10) days but not more than thirty (30) days notice. Such notice must be given within sixty (60) days after the date of such damage or destruction. If this Lease is so terminated, all base and additional rents shall be apportioned to the date of termination and all insurance proceeds shall belong to the Landlord.

(e) To the extent that the Premises are rendered partly or wholly untenantable during any repair, replacement or rebuilding, Rent shall abate proportionately; provided however



that if such damage or destruction was caused by Tenant, no Rent shall abate and Tenant shall continue to be responsible for the payment of such Rent hereunder.

17. Condemnation. If the Premises, or any part thereof, shall be taken or condemned by any government or governmental authority, by eminent domain proceedings, condemnation, or otherwise, for any purposes whatsoever, and such taking shall render the Premises unsuitable in the commercially reasonable opinion of Tenant for the operation of a business which engages in the manufacturing, sale and distribution of corrugated products, then Tenant shall have the right to terminate this Lease within thirty (30) days after physical possession by such governmental authority by serving upon Landlord notice in writing of its election to do so. Said termination, however, shall be subject to all the rights and liabilities of the parties hereto that may have accrued hereunder at the time of such termination. If such taking shall not make the Premises unsuitable for the operation of a packaging business, then from and after the taking as aforesaid, the rent herein shall abate proportionally. Each party shall, upon receipt of notice of any such taking, immediately notify the other of any such proceedings and each party may file claims concerning its rights thereunder. Neither Landlord nor Tenant shall have any rights in or to any award made to the other by the condemning authority. In the event of a partial taking, Landlord's proceeds from the taking shall be used, to the extent reasonably necessary, if at all, to repair any damage to the Premises so that it may be used for the purposes herein described. Tenant shall be responsible for the making, at Landlord's expense, of such repairs, subject to Landlord's reasonable prior approval of repairs to be made and associated costs which shall not be unreasonably withheld.

18. Quiet Enjoyment. Landlord covenants, agrees and warrants that Tenant, keeping and performing the covenants herein contained on the part of Tenant to be kept and performed, may peaceably and quietly have, hold, occupy and enjoy the Premises in accordance with the terms of the Lease without hindrance or molestation from Landlord or any persons lawfully claiming through Landlord or otherwise.

19. Indemnity by Tenant. Tenant shall protect, indemnify and save Landlord and Landlord's officers, employees and agents (a "Landlord Party") harmless from and against all liabilities, damages, costs, expenses (including all reasonable attorneys' fees and expenses incurred by Landlord or a Landlord Party), causes of action, suits, demands, judgments and claims of any nature whatsoever which may result from a breach by Tenant of any of its covenants, representations and warranties set forth in Section 22 below or elsewhere in this Lease, except to the extent caused by the negligence or willful misconduct of Landlord or a Landlord Party. Without limiting the generality of the foregoing, Tenant shall protect, indemnify and save Landlord harmless from and against any and all mechanics' and materialmen's liens which may be placed upon the Premises arising out of work performed or materials furnished to the Premises during the term hereof. Nothing contained in this Lease shall be deemed to give the Tenant any right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials which might give rise to a lien against the Landlord's interest in the Premises. This indemnification obligation shall survive the termination of this Lease and shall be in addition to the indemnification obligations contained in Section 9 hereof.

20. Indemnity by Landlord. Landlord shall protect, indemnify and save Tenant and Tenant's officers, employees and agents (a "Tenant Party") harmless from and against all

liabilities, damages, costs, expenses (including all reasonable attorneys' fees and expenses incurred by Tenant or a Tenant Party), causes of action, suits, demands, judgments and claims of any nature whatsoever which may (i) arise at any time out of Landlord's use and occupancy of the Premises prior to the commencement of this Lease, without regard to the source, nature or validity of the claim or action, except to the extent caused by the negligence or willful misconduct of Tenant or a Tenant Party, (ii) result from a breach by Landlord of any of its covenants, representations and warranties set forth in Section 21 below or elsewhere in this Lease, or (iii) be caused by any environmental condition relating to the Premises (except as caused by Tenant). Without limiting the generality of the foregoing, Landlord shall protect, indemnify and save Tenant harmless from and against any and all mechanics' and materialmen's liens which may be placed upon the Premises arising out of work performed or materials furnished to the Premises prior to and during the term hereof. This indemnification obligation shall survive the termination, of this Lease.

21. Representations, Covenants and Warranties of Landlord. Landlord hereby warrants, represents and covenants as follows:

(a) Organization and Good Standing. Landlord is a limited liability company duly organized and validly existing, in good standing, under the laws of the State of South Carolina, and has full power to carry on its business and to own and operate its properties and assets as presently owned and operated. Landlord has taken all action necessary to approve and authorize the execution of this Lease, and to consummate the transactions contemplated hereby. When executed and delivered, this Lease shall constitute valid and binding obligations of Landlord, enforceable in accordance with its terms and conditions except as enforcement may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights generally and by principles of equity. Neither the execution nor the delivery of this Lease nor the consummation of the transactions contemplated hereby, nor compliance with all of the terms and conditions hereof, will result in the breach by Landlord of any of the terms, conditions or provisions of any indenture, mortgage, deed of trust, order, judgment, law, or other contract, agreement or instrument to which it is a party, or by which it is bound, or constitute a default of such indenture, mortgage, deed of trust, order, judgment, law, or other contract, agreement or instrument.

(b) Title. Landlord has fee simple title to the entire Premises.

(c) Consents and Approvals. No consent or approval of any third party is required in connection with Landlord's lease of the Premises hereunder, including but not limited to, any approvals related to the Landlord's pending subdivision (the "Subdivision") of the tax lot of which the Premises is a portion of.

(d) Litigation. There are no judicial or administrative actions or proceedings pending, or to the best of Landlord's knowledge threatened, that question the validity of this Lease or any transaction contemplated hereby.

(e) Payables and Taxes. Landlord will pay all payables and taxes, assessments, and charges respecting the Premises incurred prior to the commencement of the

Term of this Lease within a reasonable amount of time following the execution and delivery of this Lease.

(f) Environmental.

(i) Landlord is in full compliance with the terms and conditions of the Voluntary Cleanup Contract, dated May 2006, and the related restrictive covenants, covering the Property (collectively, the "VCC").

(ii) Landlord has notified the SC Department of Health and Environmental Control (the "DHEC") of the Lease as required by Section 9 of the VCC.

(iii) To the best of Landlord's knowledge, the Premises are in full compliance with all applicable environmental laws.

(iv) Landlord is not aware of any other release, contamination or condition at the Property other than the Homelite, Textron and John Deere related contamination that is the subject of the VCC.

(v) If Tenant exercises the option to build a new building(s) on certain premises located adjacent to the Premises owned by Landlord shown as "Tract 1" on the Survey (the "Adjacent Premises"), which Adjacent Premises is ground leased by Landlord to Elk Trading Company, LLC ("Elk") pursuant to that certain Ground Lease Agreement dated on the Effective Date (the "Ground Lease"), attached hereto as Exhibit C, as set forth in that certain Option to Lease Agreement (the "Option") entered into by and between Tenant and Elk on the Effective Date, attached hereto as Exhibit D, neither Tenant nor Elk shall be prohibited or otherwise restricted from satisfactorily completing such new building(s) contemplated in the Option and Ground Lease as a result of the VCC, or any other environmental restrictions or obligations.

(vi) Landlord shall continue to fully comply with the terms and conditions of the VCC for the entire term of the VCC.

22. Representations, Covenant and Warranties of Tenant. Tenant hereby warrants, represents, and covenants as follows:

(a) Organization and Good Standing. Tenant is a Corporation duly organized, validly existing, and in good standing under the laws of the State of Georgia and has full corporate power to carry on its business and to own and operate its properties and assets as presently owned and operated. Tenant has taken all corporate action necessary to approve and authorize the execution of this Lease, and to consummate the transactions contemplated hereby. When executed and delivered, this Lease shall constitute valid and binding obligations of Tenant, enforceable in accordance with its terms and conditions except as enforcement may be limited by applicable bankrupt, insolvency or similar laws affecting creditors' rights generally and by principles of equity. Neither the execution nor delivery of this Lease nor the consummation of the transactions contemplated hereby, nor compliance with all of the terms and conditions hereof, will result in the breach by Tenant of any of the terms, conditions or provisions of any constitutive instrument, indenture, mortgage, deed of trust, order, judgment, law or other

contract, agreement or instrument to which it is a party, or by which it is bound, or constitute a default of such indenture, mortgage, deed of trust, order, judgment, law, or other contract, agreement or instrument.

(b) Consents. No consent of any third party is required in connection with Tenant's lease of the Premises hereunder.

(c) Litigation. There are no judicial or administrative actions or proceedings pending, or to the best of Tenant's knowledge threatened, that question the validity of this Lease or any transaction contemplated hereby.

23. Right of First Offer; Right of First Refusal.

(a) Sale Initiated by Landlord. If Landlord desires to solicit offers from third-party purchasers for (i) the purchase of the Premises during the Term, (ii) a sale of equity in the Landlord, or (iii) a merger or other corporate reorganization of Landlord (collectively, a "Landlord Transfer"), Landlord shall first deliver to Tenant a written proposal setting forth the business terms and conditions on which Landlord would be willing to enter into the Landlord Transfer in connection with the sale of the Premises. In such case, the following terms and provisions shall be applicable:

(i) Tenant shall have thirty (45) business days after such written proposal is delivered to Tenant by Landlord to elect (by so notifying Landlord in writing) to accept Landlord's proposal and to finalize and execute a purchase and sale agreement which memorializes the purchase and sale of the Premises in accordance with such proposal.

(ii) If Tenant elects not to accept Landlord's proposal to sell the Premises (as evidenced either by Tenant's written notice to Landlord to that effect or by Tenant's failure to respond to Landlord within the forty-five (45) business day period provided for such purpose), and if Tenant does not timely deliver a counteroffer to Landlord, or if Tenant timely delivers a counteroffer to Landlord as provided above but Landlord and Tenant fail to reach agreement regarding the terms of the purchase and sale of the Premises within the forty-five (45) business day period provided above for such purpose, then Landlord shall be entitled to solicit offers for the purchase of the Premises from third parties without regard to any rights of Tenant relative to such sale, except as provided below in this Paragraph 23(a) or in Paragraph 23(b) below. In such case, if Landlord receives an offer from a third party to purchase the Premises (which offer may be in the form of a non-binding "letter of intent" or similar agreement, instrument or document delivered to Landlord by such third party) which offer is acceptable to Landlord and is no less favorable to Landlord, in the aggregate, than the last terms previously offered to or by Tenant, then, prior to entering into a binding purchase and sale agreement with such third party for the sale of the Premises, Landlord shall notify Tenant of the prospective sale (and of Landlord's receipt from the prospective purchaser of a written offer or proposal relating thereto which is acceptable to Landlord) and such notification from Landlord to Tenant shall be accompanied by a copy of the prospective purchaser's written offer or proposal; provided, however, Landlord shall not be required to notify Tenant of the identity of the prospective purchaser, and Landlord shall be entitled to obliterate any references or information in the copy of the written third-party offer or proposal delivered to Tenant which would identify the

prospective purchaser. In such case, Tenant shall have twenty (20) business days after such notification is delivered to Tenant to elect (by so notifying Landlord in writing) to match the third party's offer to purchase the Premises. If Tenant timely elects to match the third-party offer, Tenant and Landlord shall proceed, within thirty (30) business days after Tenant notifies Landlord that Tenant is electing to match the third-party offer, to finalize and execute a purchase and sale agreement which memorializes such purchase and sale of the Premises.

(b) Right of First Refusal. Notwithstanding anything in this Lease to the contrary and without limiting the rights granted to Tenant in Paragraph 23(a) of this Lease, if Landlord has received an unsolicited offer for a Landlord Transfer (including, but not limited to, a letter of intent, proposal or similar agreement, instrument or document) from any Person, which offer Landlord desires to accept, Landlord shall offer to sell the Premises to (i) Brad and Scott Dorris first, and upon their waiver of said right (it being understood that any failure by Brad or Scott Dorris to (A) accept Landlord's offer within twenty (20) days of receipt thereof and/or (B) close on such sale within sixty (60) days following receipt of such offer, shall constitute waiver of said right), (ii) Tenant, upon the terms set forth in such offer, which terms shall be set forth in a formal letter of intent ("Landlord's Right of First Refusal Offer"). Upon receipt of Landlord's Right of First Refusal Offer, Tenant shall have the right, exercisable by written notice to Landlord given within forty-five (45) business days ("Tenant's Right of First Refusal Acceptance Period") following Tenant's receipt of Landlord's Right of First Refusal Offer, to elect to purchase the Premises on the terms and conditions set forth in Landlord's Right of First Refusal Offer.

(c) Conveyance to Brad and Scott Dorris. Upon the death of Bill Dorris, the Premises shall be conveyed to Brad and Scott Dorris (the "Conveyance"). Notwithstanding any term to the contrary contained herein, in the event the Conveyance occurs during the Term, said Conveyance shall not be subject to the rights of Tenant contained in this Section 23.

24. Subordination. Concurrently with the execution of this Lease, Landlord shall obtain a commercially reasonable subordination, non-disturbance and attornment agreement from any existing Landlord's Mortgagee (as defined below), in a form reasonably acceptable to such Tenant and Landlord's Mortgagee. This Lease may be subordinated to any future deed of trust, mortgage, or other security instrument (each, a "Mortgage"), or any ground lease, master lease, or primary lease (each, a "Primary Lease"), that now or hereafter covers all or any part of the Premises (the mortgagee under any such Mortgage, beneficiary under any such deed of trust, or the lessor under any such Primary Lease is referred to herein as a "Landlord's Mortgagee") pursuant to a commercially reasonable subordination and non-disturbance agreement executed by and between Tenant and Landlord's Mortgagee, and if applicable, Landlord, acceptable to Tenant. The subordination of Tenant's rights hereunder to any Landlord's Mortgagee shall be conditioned upon such Landlord's Mortgagee's and Tenant's (and if applicable, Landlord's) execution and delivery of a commercially reasonable subordination, non-disturbance and attornment agreement which is acceptable to Tenant.

25. Estoppel Certificate. At any time and from time to time during the Term, Landlord shall, within fifteen (15) business days after written request by Tenant, execute, acknowledge and deliver to Tenant a certificate certifying: (i) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and

effect as modified, and stating the date and nature of each modification); (ii) all Rent and other sums payable hereunder have been paid; (iii) as to the amount of Rent currently payable monthly, (iv) that no notice has been received by Landlord of any default by Landlord hereunder which has not been cured, except as to defaults specified in such certificate; (v) that Tenant is not in default under this Lease, except as to defaults specified in such certificate; and (vi) as to such other matters as may be reasonably requested by Tenant or any actual or prospective permitted successor, assignee or subtenant. Any such certificate may be relied upon by any actual or prospective permitted successor, assignee or subtenant of the Premises or any part thereof.

26. Tenant Grants of Security Interests in Tenant's Property.

(a) Tenant's Property Security Party. Notwithstanding anything to the contrary contained in this Lease, Tenant shall have the right, from time to time and at any time, to pledge, mortgage, assign, convey or grant security interests in all or any part of Tenant's property to any Person (a "Tenant's Property Security Party") for purposes of evidencing and/or securing any financing of Tenant or its Affiliates. Landlord acknowledges that, as of the Effective Date of this Lease, certain of Tenant's Property may be subject to security interests in favor of Tenant's existing lenders or will become subject to security interests in favor of additional lenders in connection with the refinancing of certain of Tenant's existing loans, and that the grantee of any such currently existing security interests or security interests in connection with such refinancing shall constitute a Tenant's Property Security Party for purposes hereof.

Any Tenant's Property Security Party shall have the right to exercise its rights and/or remedies with respect to Tenant's Property without the consent of Landlord. Further, in the event of a termination of this Lease (or Tenant's right of possession hereunder) by reason of an event of default or any rejection of this Lease by Tenant in a bankruptcy of Tenant, Landlord shall permit a Tenant's Property Security Party to enter the Premises for a reasonable period of time after such termination or rejection (as applicable) for purposes of removing from the Premises Tenant's property in which such Tenant's Property Security Party has a security interest, provided such Tenant's Property Security Party agrees to restore any damage to the Premises resulting from such removal. Landlord agrees, from time to time, to execute and deliver (and to request any Mortgagee to execute and deliver) to Tenant or any Tenant's Property Security Party such reasonable and customary documents and agreements as any Tenant's Property Security Party may require in order to evidence and/or secure the foregoing rights.

Landlord does hereby fully and forever waive and release any and all rights and interests (whether previously or now existing, or arising in the future) in and to any lien (whether possessory, statutory or otherwise, and including any rights of levy or distraint for rent) on, against or with respect to any and all of Tenant's property and/or any other Person which may, from time to time, have any such assets, trade fixtures, equipment or other property located at the Premises (or any portion thereof). Landlord agrees that it will, from time to time upon Tenant's request, execute and deliver to Tenant such documents and instruments as Tenant or any Tenant's Property Security Party may reasonably request in order to confirm that Landlord has no lien or lien rights with respect to any of Tenant's property (or of any such other Person described in the preceding sentence)

(b) Leasehold Mortgage. Tenant shall have the right to grant a leasehold mortgage on Tenant's leasehold interest in the Premises. Any leasehold mortgagee shall be deemed to be a third party beneficiary of any subordination, non-disturbance and attornment agreement granted to Tenant hereunder, but (i) any such leasehold mortgage otherwise shall be in all respects subject and subordinate to Landlord's interest in this Lease and to any Mortgage granted by Landlord, and to any renewals, modifications, consolidations, replacements and extensions of any such Mortgage, whether such Mortgage or any renewal, modification, consolidation, replacement or extension thereof, is granted by Landlord prior or subsequent to any leasehold mortgage granted by Tenant; and (ii) the leasehold mortgage shall attach to and be a lien on Tenant's leasehold interest in the Premises, shall convey no interest or rights in and to Landlord's interest in this Lease or the Premises which are greater than Tenant's interest or rights in this Lease or the Premises, and shall be in form and substance reasonably satisfactory to Landlord and Tenant.

27. Mechanics Liens. Except for Liens created through the act of Landlord or any leasehold mortgage procured by Tenant, Tenant shall not permit any mechanic's lien or other lien to be filed or recorded against the Premises, or any portion thereof, through or under Tenant. If any such mechanic's lien or other lien shall at any time be filed or recorded against the Premises, or any portion thereof, Tenant shall cause the same to be discharged of record or bonded over within ten (10) calendar days after the date on which Tenant becomes aware of such filing or recording of the same.

28. Binding Effect. This Lease shall inure to the benefit of the heirs, successors, representatives, and permitted assigns of the parties hereto, and shall bind the heirs, successors, representatives, and assigns of the parties hereto.

29. References to Gender and Number Terms. Whenever the context requires, the singular number shall include the plural, the singular, and the use of any gender shall include all genders.

30. Days Defined. Any reference in this Lease to a number of days shall mean calendar days unless otherwise expressly provided.

31. Attorneys' Fees. If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the covenants, terms or conditions of this Lease, or for the recovery of the possession of the Premises, the prevailing party shall be entitled to recover from the other party as part of the prevailing party's costs a reasonable attorneys' fee, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

32. Headings. The headings of the paragraphs of this Lease are for convenience or reference only and are not a part of this Lease.

33. Modifications. This Lease can only be modified by a written agreement duly signed by authorized representatives of each party hereto. Moreover, in order to avoid uncertainty, ambiguity and misunderstandings in their relationships, the parties hereby covenant and agree not to enter into any oral agreement or understanding inconsistent or in conflict with

this Lease; and the parties hereto further covenant and agree that any oral communication allegedly or purportedly constituting such an agreement or understanding shall be absolutely null, void and without effect.

34. Waiver. Any waiver by either party of any breach or any term or condition hereof shall be effective only if in writing and such writing shall not be deemed to be a waiver of any subsequent or other breach, term or condition of this Lease.

35. Relationship of the Parties. Nothing herein shall be deemed to create any partnership, joint venture, or agency relationship between the parties. Neither party shall make any representation or statement (whether oral or written) to any person or entity inconsistent with this paragraph.

36. Third Parties. The provisions of this Lease are not intended to be for the benefit of any third parties, and no third party shall be deemed to have any privity of contract with either of the parties hereto by virtue of this Lease.

37. Time of Essence. The parties acknowledge and agree that time is of the essence in the performance of this Lease.

38. Severability. If any provision or provisions of this Lease shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

39. Governing Law. The construction and interpretation of this Lease shall at all times and in all respects be governed by the laws of the State of South Carolina.

40. No Inference Against Author. No provision of this Lease shall be interpreted against any party because such party or its legal representative drafted such provision.

41. Entire Lease. This Lease constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior contemporaneous written or oral agreements and representations between the parties with respect thereto.

42. Notice of Lease. The parties agree to promptly execute a Notice of Lease (a "Notice of Lease") with respect to the Premises in recordable form and either of the parties shall have the right, without notice to the other party, to record such Notice of Lease in the real estate records of the jurisdiction in which the Premises are located. Tenant shall pay all costs of recording such Notice of Lease. If a Notice of Lease is recorded, Landlord and Tenant shall execute such customary amendments and terminations related thereto as may be reasonably required or requested by the other party within ten (10) Business Days of receipt thereof.

43. Notices. Any notice, request, approval, consent, demand or other communication shall be effective upon the first to occur of the following: (i) upon receipt by the party to whom such notice, request, approval, consent, demand or other communication is being given; or (ii) three (3) business days after being duly deposited in the United States mail, certified or registered, return receipt requested, and addressed as follows:



Landlord:

Dorris Properties, LLC  
c/o William C. Dorris  
4461 Hawkins Road  
Greer, SC 29651

Tenant:

KapStone Container Corporation  
1101 Skokie Blvd, Suite 300  
Northbrook, IL 60062  
Attn: General Counsel

The parties hereto may change their respective addresses by notice in writing given to the other party to this Lease.

44. Broker's Commission. The parties represent to each other that neither party has done anything nor will do anything which will entitle any person or firm to receive any broker's fees or real estate commissions as a result of the transactions provided for under this Lease, and each party hereto agrees to indemnify the other with respect to any fees or commissions which may be owed to any third party with respect to any breach of this representation.

45. Guarantors. None

46. Security Deposit. None

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Lease to be legally binding and effective as of the Effective Date.

**LANDLORD:**

**DORRIS PROPERTIES, LLC**

By: William C. Dorris  
Name: WILLIAM C. DORRIS  
Title: MANAGING PARTNER

**TENANT:**

**KAPSTONE CONTAINER CORPORATION**

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

STATE OF South Carolina  
COUNTY OF Greenville

Then personally appeared before me on this 30 day of January, 2017, the above-named William C. Dorris, the Managing Partner of DORRIS PROPERTIES, LLC, who acknowledged the foregoing instrument to be his free act and deed and the free act and deed of DORRIS PROPERTIES, LLC.

Elizabeth L. Welton  
Notary Public  
Print Name: Elizabeth L. Welton  
My commission expires: Nov 13, 2021

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

Then personally appeared before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2017, the above-named \_\_\_\_\_, the \_\_\_\_\_ of KAPSTONE CONTAINER CORPORATION, who acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of KAPSTONE CONTAINER CORPORATION.

\_\_\_\_\_  
Notary Public  
Print Name: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Lease to be legally binding and effective as of the Effective Date.

**LANDLORD:**

**DORRIS PROPERTIES, LLC**

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

**TENANT:**

**KAPSTONE CONTAINER CORPORATION**

By: Matthew Kaplan  
Name: Matthew Kaplan  
Title: Chief Executive Officer

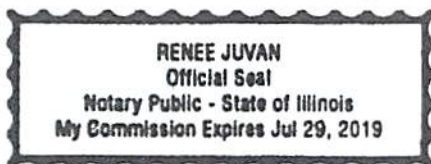
STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

Then personally appeared before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2017, the above-named \_\_\_\_\_, the \_\_\_\_\_ of DORRIS PROPERTIES, LLC, who acknowledged the foregoing instrument to be his free act and deed and the free act and deed of DORRIS PROPERTIES, LLC.

\_\_\_\_\_  
Notary Public  
Print Name: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

STATE OF ILLINOIS  
COUNTY OF COOK

Then personally appeared before me on this 27<sup>th</sup> day of JANUARY, 2017, the above-named MATTHEW KAPLAN, the PRESIDENT & CEO of KAPSTONE CONTAINER CORPORATION, who acknowledged the foregoing instrument to be his/her free act and deed and the free act and deed of KAPSTONE CONTAINER CORPORATION.



Renee Juvan  
Notary Public  
Print Name: RENEE JUVAN  
My commission expires: 7/29/2019