UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	Chapter 11
UPG ENTERPRISES, LLC, *et al.*,	Case No. 26-15734
Debtors.[1]	Hon. Daniel R. Fine
	(Jointly Administered)
	Re: Docket Nos. 15, 60, 61

OBJECTION OF THE ARG ENTITIES TO ENTRY OF A FINAL ORDER ON THE DEBTORS' MOTION FOR AUTHORITY TO OBTAIN POSTPETITION FINANCING FROM INSIDER LENDER FIREHORSE CAPITAL LLC AND RELATED RELIEF

ARG UPDBNMI001, LLC; ARG LSWYGMI001, LLC; ARG UPARAIL001, LLC; ARG LSCHIL001, LLC; ARG LSCHIL002, LLC; and ARG LSCHIL003, LLC (collectively, the "ARG Entities"), as landlords to certain of the above-captioned debtors and debtors in possession (the "Debtors"), by and through their undersigned counsel, hereby object (this "Objection") to entry of a final order (the "Final Order") granting the Debtors' motion for authority to obtain postpetition financing and use cash collateral [Docket No. 15] (the "DIP Motion") on the terms set forth in the Interim Order [Docket No. 61] (the "Interim Order") and the DIP Loan Agreement[2] (attached as Exhibit 1 to the DIP Motion). In support of this Objection, the ARG Entities respectfully state as follows:

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal EIN, are as follows: UPG Enterprises, LLC (4790); UP Investment Holdings LLC (8445); UPI LS LLC (6446); UPI MakUSA LLC (1401); UPG Metal Services LLC (8496); GenX Leasing Partners LLC (4464); UP Central Office LLC (0397); UP Equipment Holdings LLC (0431); Metalex LLC (6707); UPG Fabrication LLC (9021); National Metalwares Holdings LLC (2789); National Metalwares L.P. (9247); Sidecar NM LLC (4555); Chicago Steel Holdings LLC (0967); Douglass Logistics LLC (6025); Lexington Steel LLC (2209); Maksteel USA LLC (6796); Maksteel Transport LLC (9011); UPG Flat Roll Group LLC (7515); and Lamination Specialties LLC (5604). The Debtors' mailing address is 1400 16th St., #250, Oak Brook, IL 60523.

[2] Capitalized terms used but not defined herein shall have the meaning set forth in the DIP Motion.

PRELIMINARY STATEMENT

1. This is not an ordinary DIP financing. The DIP Lender, Firehorse Capital LLC ("Firehorse" or the "DIP Lender"), is an entity formed by the Debtors' owners. The Debtors' own CRO describes Firehorse as "an affiliate of the Owners and the provider of the prepetition Bridge Loan Facility." Sordillo Decl. ¶ 50. The DIP Motion concedes that Firehorse "is an entity formed by the owners of UPG." DIP Motion ¶ 38.

2. The estates hold substantial claims against those same insiders. Yet the proposed Final Order would (a) give the insiders' lending vehicle liens on, and a superpriority claim payable from, avoidance actions and other estate causes of action, including claims against the insiders themselves; (b) roll up roughly $4.98 million of prepetition insider bridge debt into postpetition superpriority debt; (c) release and insulate the insiders through stipulations, releases, and a constrained challenge regime; (d) waive the estates' surcharge, "equities of the case," and marshaling protections; (e) place control over milestones, the sale, credit bidding, and any plan in the hands of the insider lender; and (f) load the facility with fees that will further burden the Debtors for the benefit of the insiders without further review of the Court.

3. Insider financing is subject to heightened scrutiny, and the Debtors bear the burden of showing that the terms are fair, were negotiated at arm's length, and are the best available. The record does not support those findings. The ARG Entities ask the Court to deny entry of the Final Order unless it is modified as set forth below.

BACKGROUND

A. The Chapter 11 Cases and the ARG Entities

4. On or about September 22–23 and 25, 2026 (collectively, the "Petition Date"), the Debtors commenced these chapter 11 cases. The Debtors filed these cases to pursue a sale of

substantially all of their assets and an orderly wind-down. *See* Sordillo Decl. ¶ 50.

5. The ARG Entities are or were landlords to certain of the Debtors under nonresidential real property leases (the "Leases").

6. Before the Petition Date, the ARG Entities sued certain of the Debtors and the Owners, Christopher Hutter and Paul Douglass, their holding company, Debtor UPG Enterprises, LLC ("UPG"), and other affiliated entities in two actions in the Circuit Court of Cook County, Illinois: *ARG LSCHIL001, LLC, et al. v. Lamination Specialties LLC, et al.*, No. 2025 L 002308, and *ARG UPDBNMI001, LLC v. GenX Leasing Partners LLC, et al.*, No. 2025 L 006760, and one action in the Circuit Court of Hamilton County, Tennessee: *ARG LSWYGMI001, LLC v. Maksteel USA, LLC, et al.*, No. 25C708 (collectively, the "State Court Actions"). Copies of the operative complaints in the State Court Actions are attached hereto as Exhibits A-C. The ARG Entities allege that the Owners and UPG used sale-leaseback transactions with the ARG Entities to route the sale proceeds to UPG and the Owners rather than to the tenant operating companies, and then later also caused those tenants to transfer their operating income upstream, leaving them insolvent and unable to pay rent. *See* Ex. A (LSI Am. Compl.) at ¶¶ 2–4, 267–69; Ex. B (GenX Am. Compl.) at ¶¶ 7–10, 171–73; Ex. C (Maksteel Compl.) at ¶¶ 118, 126–28. The ARG Entities assert alter ego, fraudulent misrepresentation, actual and constructive fraudulent transfer, and unjust enrichment claims against UPG and the Owners, in addition to claims for breach of the Leases. *See generally* Exs. A-C.

7. These claims are not conjecture. The claims in the State Court Actions survived motions to dismiss, and as of the Petition Date, document discovery was substantially complete. Copies of the orders denying the motions to dismiss are attached hereto as Exhibits D-F. The record developed in the State Court Actions bears directly on the claims the estates hold against

the same insiders whose lending vehicle now seeks liens on those claims, releases, and control of these cases.

B. The Insider DIP Lender and the Bridge Loans

8. On June 24, 2026, the Debtors' Owners and managers appointed Thomas J. Allison as independent manager (the "Independent Manager") and sole member of a special committee. Sordillo Decl. ¶ 44. The Independent Manager then appointed John Sordillo as Chief Restructuring Officer (the "CRO"). *Id.* ¶ 46.

9. Just two days after the Independent Manager's appointment, on June 26, 2026, Firehorse made an additional loan to the Borrowers, which was advanced under a new promissory note (as amended and restated, the "Promissory Note" or "Bridge Loans").[3] Further tranches followed on August 6, August 20, and September 17, 2026, totaling $4,984,214.59. DIP Motion ¶ 38. According to the Debtors, "[t]he entirety of the funding was used to cover professional fees of the Debtors' and DIP Lender's professionals." *Id.*

10. The Bridge Loans are junior and subordinate to the Debtors' prepetition secured facilities with White Oak and Wintrust. Sordillo Decl. ¶ 29; DIP Motion ¶ 1.

C. The Proposed DIP Facility and Its Objectionable Terms

11. The DIP Facility is a junior secured superpriority term loan of up to $6,083,000, with $2,000,000 available on an interim basis. DIP Motion ¶ 4(a). It carries interest at 10% per annum, default interest at 12%, and an exit fee of 4% of the New Money DIP Loan Commitments.[4] *See id.* at 11. It matures no later than December 18, 2026. *See id.* Upon entry of the Final Order, the DIP Facility would also include the following terms to which the ARG Entities object.

[3] Firehorse also made other prepetition junior secured loans totaling approximately $4 million to certain non-Debtor affiliates in January 2026. *See* Sordillo Decl. ¶ 28, n.6.

[4] The Budget also references an Unused Line Fee of 1.5%. *See* DIP Loan Agreement, Ex. 3.13 at p. 2.

12. *Liens on and superpriority claims payable from estate causes of action.* Upon entry of the Final Order, the DIP Lender would receive liens on all Avoidance Actions and Avoidance Action Proceeds, and its superpriority claim would be payable from all property of the Debtors, "including, upon entry of the Final Order, Avoidance Actions and Avoidance Action Proceeds." Interim Order at 2–3. The DIP Collateral also includes "commercial tort claims, including all direct and derivative causes of action." DIP Loan Agreement § 1.01.

13. *The Roll-Up.* Upon entry of the Final Order, the Promissory Note would be "automatically . . . deemed exchanged for and converted into" a Roll-Up DIP Loan equal to the outstanding principal and accrued interest on the Bridge Loans, which would then constitute DIP Obligations. Interim Order ¶ 4. The Debtors assert that the Roll-Up "is a critical component of the DIP Lender's willingness to fund these chapter 11 cases." DIP Motion ¶ 39.

14. *Stipulations and releases.* Subject to entry of the Final Order, the Debtors stipulate that they have no claims, including "lender liability" and chapter 5 avoidance claims, against the Bridge Loan Secured Parties "or their respective affiliates, agents, attorneys, advisors, professionals, officers, directors and employees" relating to the Bridge Loans, and they "waive, discharge, and release any right to challenge" the Bridge Loans. Interim Order ¶ G(iv)(e)–(f).

15. *DIP Lender control over terms of "Acceptable Plan."* The DIP Loan Agreement defines an "Acceptable Plan" as one satisfactory to Firehorse "in its sole discretion" that contains "market standard exculpations, indemnities and releases" in favor of the DIP Lender and its "Related Parties." DIP Loan Agreement § 1.01.

16. *Challenge period and investigation budget.* Challenges must be filed by the earlier of 75 days after entry of the Interim Order or, for a committee, 60 days after its formation. Interim Order ¶ 19(a). After entry of the Final Order, the Official Committee of Unsecured Creditors (the

"Committee") may spend no more than $25,000 to investigate, and may not use those funds to prosecute claims or prepare a complaint. *Id.* ¶ 20(a).

17. *Waivers of sections 506(c) and 552(b) and marshaling.* Upon entry of the Final Order, no costs of administration could be charged against the DIP Collateral, the Bridge Loan Collateral, or the Prepetition Secured Collateral under section 506(c). *See id.* ¶ 9. The DIP Lender and the Prepetition Secured Parties would also not be subject to marshaling, and the "equities of the case" exception under section 552(b) would not apply. *Id.* ¶ 10.

18. *Section 364(e).* The Debtors ask the Court to extend the protections of section 364(e) to the DIP Facility. DIP Motion ¶¶ 30–31.

19. *Milestones and lender control.* The Debtors must obtain entry of the Final Order and a bidding procedures order "in form and substance satisfactory to Firehorse" by October 21, 2026, and must meet cash-deposit and asset purchase agreement milestones on October 21, October 30, and November 30, 2026, with the adequacy of any agreement measured "in Firehorse's sole discretion." DIP Loan Agreement § 5.13; DIP Motion at 11-12. A "363 Sale" must be on terms "acceptable to Firehorse." DIP Loan Agreement § 1.01. Failure to meet a milestone is an Event of Default. *Id.* § 8.01(s); DIP Motion ¶ 35.

20. *Credit bidding.* The DIP Lender would be deemed a "qualified bidder" and could credit bid up to the full amount of the DIP Obligations, "including the Roll-Up DIP Loan," and the Debtors may not object to that credit bid. Interim Order ¶ 26.

OBJECTION

I. The Debtors Cannot Carry Their Heightened Burden Because the Record Does Not Show That Better Terms Were Unavailable or That the Facility Was Negotiated at Arm's Length.

21. Section 364(c) requires the Debtors to show that they were unable to obtain

unsecured credit, and courts require a showing that the proposed terms are fair, reasonable, and adequate and the product of the debtor's sound business judgment. 11 U.S.C. § 364(c); *see In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 37–40 (Bankr. S.D.N.Y. 1990). Where, as here, the lender is an insider, the financing must also survive heightened scrutiny for fairness. *See Pepper v. Litton*, 308 U.S. 295, 306 (1939) (insider dealings are subject to rigorous scrutiny, and the insider bears the burden of proving good faith and inherent fairness); *In re Shachoy*, No. 19-10756-FJB, 2019 Bankr. LEXIS 3950, at *8 (Bankr. D. Mass. Dec. 30, 2019) (recognizing that postpetition loans from insiders are subject to higher scrutiny than loans from non-insiders).

22. The DIP Motion offers only a conclusory statement that the DIP Facility "is the only viable financing alternative available to the Debtors." DIP Motion ¶ 27. Neither the DIP Motion nor the Sordillo Declaration identifies any third-party lender that was solicited, any process run for postpetition financing, or any alternative proposal received. Instead, the DIP Motion states that the DIP Lender itself "would not agree to fund on an unsecured basis." *Id.* The fact that the insider declined to lend on better terms says nothing about whether better terms were available from anyone else. This is also in stark contrast to the sale process being pursued by the Debtors. *See* Sordillo Decl. ¶ 47 (explaining that the Debtors' proposed investment bank reached out to 267 potential buyers of the Debtors' assets).

23. The record does not support an arm's-length finding either. Firehorse is an entity formed by the Owners. *See* DIP Motion ¶ 38. The Owners appointed the Independent Manager, and the Independent Manager appointed the CRO. *See* Sordillo Decl. ¶¶ 44, 46. Firehorse first advanced funds to certain non-Debtor affiliates in January, well before the Independent Manager was appointed. Firehorse then advanced additional funds two days after the Independent Manager was appointed, and every dollar of those advances paid the professionals of the Debtors and of

Firehorse. *See* DIP Motion ¶ 38. The Independent Manager's mandate expressly contemplated financings "with the Owners and any of their affiliates" and an investigation of "claims, if any, with respect to the Owners and any of their affiliates." Sordillo Decl. ¶ 45. The Debtors have not disclosed the results of any such investigation. Before the Court finds that the Independent Manager negotiated at arm's length with the Owners' lending vehicle, while also evaluating claims against those same Owners, the Debtors must provide evidence of that process.

24. Accordingly, the Final Order should not include findings that the DIP Facility was negotiated at arm's length or in good faith, or that financing was unavailable on more favorable terms, absent an evidentiary showing at the Final Hearing.

II. The Insider Lender Should Not Receive Liens on, or a Superpriority Claim Payable From, Avoidance Actions, Commercial Tort Claims, or Other Estate Causes of Action.

25. Upon entry of the Final Order, the DIP Lender would receive liens on Avoidance Actions and Avoidance Action Proceeds. *See* Interim Order at 3; DIP Motion (Local Rule 4001-2 disclosures). That is only part of the problem. The DIP Lender's superpriority claim would also be "payable from all prepetition and postpetition assets and property of the Debtors and all proceeds thereof (including, upon entry of the Final Order, Avoidance Actions and Avoidance Action Proceeds)." Interim Order at 3; DIP Loan Agreement § 3.10(a)(i)-(ii). Excluding avoidance actions from the DIP Collateral alone would therefore not protect unsecured creditors; the superpriority claim must be excluded from those proceeds as well.

26. In addition, the definition of DIP Collateral sweeps in "commercial tort claims, including all direct and derivative causes of action." DIP Loan Agreement § 1.01 (definition of "DIP Collateral"). Those causes of action include the estates' claims against the insiders who own Firehorse, whether for breach of fiduciary duty, fraudulent transfer, or otherwise.

27. Avoidance actions are routinely excluded from DIP collateral. It would be particularly inappropriate to give the target of potential estate claims a lien on, and a priority claim to the recoveries from, those very claims. That structure would allow the insiders to recover any judgment against them back through the DIP Facility and would eliminate any incentive for the estates to pursue those claims.

28. The Final Order should exclude from the DIP Collateral, and from the sources of payment of the DIP superpriority claim and any adequate protection claims, (a) Avoidance Actions and their proceeds, (b) commercial tort claims and all other claims and causes of action against the Debtors' current or former owners, managers, officers, directors, and their affiliates (including Firehorse), and (c) the proceeds of all of the foregoing.

III. The Roll-Up Should Be Denied, and the Estates' Recharacterization and Subordination Claims Must Be Preserved.

29. The Final Order would automatically convert the $4,984,214.59 Promissory Note into a postpetition Roll-Up DIP Loan. *See* Interim Order at 2; DIP Motion ¶ 38; DIP Loan Agreement § 2.01(b). The Roll-Up provides no new money to the estates. It simply elevates prepetition, junior, insider debt to postpetition superpriority status, improving the Owners' position at the expense of every other creditor, including the ARG Entities.

30. The Debtors justify the Roll-Up as "a critical component of the DIP Lender's willingness to fund these chapter 11 cases." DIP Motion ¶ 39. That is not a justification; it is a demand by an insider. The Debtors cite roll-up approvals in other cases, *id.* ¶ 40, but do not identify any case as approving the roll-up of insider debt in the face of unresolved estate claims against the insiders.

31. The facts surrounding the Bridge Loans also raise substantial recharacterization and equitable subordination issues. The Owners funded the Debtors through an owner-formed entity

on a subordinated basis, and the entire amount was spent on professional fees, including those of Firehorse's own professionals. *See* DIP Motion ¶ 38; Sordillo Decl. ¶ 44. Whether those advances are true debt or equity contributions, and whether they should be subordinated under section 510(c), are questions the estates should be free to litigate. Converting the Bridge Loans into postpetition DIP Obligations could moot those claims as a practical matter.

32. The Roll-Up should be denied. Alternatively, at a minimum, the Final Order should provide that (a) the Roll-Up is subject to unwinding upon a successful challenge, (b) nothing in the Final Order impairs any claim to recharacterize, subordinate, disallow, or avoid the Bridge Loans or any payment on account of them, and (c) the Roll-Up DIP Loan may not be credit bid or paid until the challenge period expires without a challenge or any challenge is finally resolved.

IV. The Releases and Debtor Stipulations Improperly Insulate the Insiders.

33. In paragraph G of the Interim Order, the Debtors stipulate that they "have no claims, objections, challenges, causes of action and/or choses in action, including, without limitation, 'lender liability' causes of action, avoidance claims under Chapter 5 of the Bankruptcy Code . . . against any of the Bridge Loan Secured Parties or their respective affiliates, agents, attorneys, advisors, professionals, officers, directors and employees arising out of, based upon or related to the Bridge Loans," and they "waive, discharge, and release any right to challenge" the Bridge Loans. Interim Order ¶ G(iv).

34. Because Firehorse's "affiliates" include the Debtors' Owners, these stipulations operate as releases of the insiders. The Debtors, acting through fiduciaries appointed by those insiders, should not be permitted to release claims against them as a condition of financing. The DIP Loan Agreement compounds the problem by defining an "Acceptable Plan" as one that is satisfactory to Firehorse "in its sole discretion" and contains "market standard exculpations,

indemnities and releases" in favor of the DIP Lender and its "Related Parties." DIP Loan Agreement § 1.01.

35. The challenge provisions make these stipulations effectively unreviewable. Challenges must be filed by the earlier of 75 days after entry of the Interim Order or, for a committee, 60 days after its formation. Interim Order ¶ 19(a). And after entry of the Final Order, the Committee may spend no more than $25,000 to investigate, and may not use those funds to prosecute claims or prepare a complaint. *Id.* ¶ 20(a). A $25,000 budget is plainly inadequate to investigate the Owners' prepetition dealings with the Debtors, the Bridge Loans, and the insider claims the stipulations would release, and barring the use of estate funds to prosecute any claims the Committee uncovers leaves the challenge right largely illusory. Where the stipulations benefit insiders, the estates' fiduciaries must have a meaningful opportunity to test them.

36. The Final Order should strike the releases and the stipulations as they relate to the Bridge Loan Secured Parties and their affiliates, or, at a minimum, provide that they bind only the Debtors and not any committee, trustee, or other party in interest. The Final Order should also strike any requirement that a plan include releases of the DIP Lender or its Related Parties. In addition, the Final Order should extend the challenge period, increase the Committee's investigation budget to an amount sufficient to investigate the insider claims, and permit the Committee to use estate funds to prepare and prosecute any challenge.

V. The Waivers of Sections 506(c) and 552(b) and the Marshaling Doctrine Should Be Denied.

37. Upon entry of the Final Order, the Debtors would waive (a) their right to surcharge the DIP Collateral, the Bridge Loan Collateral, and the Prepetition Secured Collateral under section 506(c), (b) the "equities of the case" exception under section 552(b), and (c) the equitable doctrine of marshaling. *See* Interim Order ¶¶ 9, 10.

38. These waivers matter directly to landlords. The Debtors are using certain of the ARG Entities' premises to preserve and market the very collateral securing the insider lender's claims. Section 506(c) exists so that the costs of preserving collateral, including postpetition occupancy costs, may be charged against the secured creditors who benefit. Waiving that protection in favor of an insider that may also be the purchaser through a credit bid shifts those costs onto administrative and unsecured creditors. Similarly, waiving marshaling would allow the DIP Lender to look first to unencumbered assets, including assets that would otherwise be available to pay administrative claims such as postpetition rent.

39. Insiders should not receive these extraordinary protections. The Final Order should not include any of the waivers in paragraphs 9 and 10 of the Interim Order as to the DIP Lender or the Bridge Loan Secured Parties.

VI. The Court Should Not Make a Section 364(e) Good-Faith Finding in Favor of the Insider Lender.

40. The Debtors ask that the protections of section 364(e) apply to the DIP Facility. DIP Motion ¶¶ 30–31. Section 364(e) protects only a lender that extends credit "in good faith." 11 U.S.C. § 364(e). A good faith finding is not automatic. *See New York Life Ins. Co. v. Revco, D.S., Inc. (In re Revco D.S., Inc.)*, 901 F.2d 1359, 1366 (6th Cir. 1990) (holding that "an implicit finding of 'good faith' in a § 364(e) context is insufficient, and that 'good faith' under that section should not be presumed"). An insider lender that uses the financing to obtain releases, liens on claims against itself and its principals, and an elevation of its prepetition debt has not earned one.

41. The Final Order should not include a section 364(e) finding. At a minimum, any such finding should be limited to new-money advances actually funded and should not extend to the Roll-Up, the releases and stipulations, the liens on estate causes of action, or any of the waivers described above.

VII. The Events of Default, Milestones, Sale Approvals, Credit Bid Rights, and Plan Provisions Give the Insider Lender Control of These Cases and Undermine the Independence of the Independent Manager and CRO.

42. The DIP Documents make Firehorse the arbiter of nearly every major decision in these cases. A "363 Sale" is defined as a sale "on terms and conditions acceptable to Firehorse," and an "Acceptable Plan" is one satisfactory to Firehorse "in its sole discretion." DIP Loan Agreement § 1.01. The bidding procedures motion and order must be "in form and substance satisfactory to Firehorse." *Id.* § 5.13(a)–(b). Failure to satisfy any of these requirements is an Event of Default. *Id.* § 8.01(p)(v), (s); DIP Motion ¶ 35.

43. The milestones are also unreasonably compressed and turn on Firehorse's discretion. The Final Order and bidding procedures order must be entered by October 21, 2026. DIP Loan Agreement § 5.13(b). By that same date, the Debtors must deposit $1,000,000 in Net Cash Proceeds and either deposit another $1,000,000 or enter into asset purchase agreements that, "in Firehorse's sole discretion," will yield more than $1,000,000. *Id.* § 5.13(c). By October 30, 2026, the Debtors must enter into asset purchase agreements that, again in Firehorse's sole discretion, will yield more than $2,000,000, and by November 30, 2026, they must deposit another $2,000,000. *Id.* § 5.13(d)–(e). The facility matures by December 18, 2026. DIP Motion (summary of terms). Milestones of this kind, set by a lender that may itself bid for the assets, risk forcing a sale on the insider's timetable rather than one that maximizes value.

44. Firehorse would also have the right to credit bid "up to the full amount of the DIP Obligations, including the Roll-Up DIP Loan," would "automatically be deemed a 'qualified bidder,'" and could do so "without the need for further Court order." Interim Order ¶ 26. A credit bid of roughly $11 million in insider DIP Obligations, nearly half of which is rolled-up prepetition

debt subject to challenge, would chill competitive bidding. Cause exists under section 363(k) to limit or deny that right.

45. Finally, upon Firehorse's request, the Debtors' advisors must participate in weekly calls with Firehorse and its advisors to discuss the budget, the Debtors' financial operations, and "such other matters relating to the Loan Parties as Firehorse . . . shall reasonably request." DIP Loan Agreement § 5.14. If Firehorse or its affiliates are potential bidders, that access gives them an informational advantage over third-party bidders.

46. These provisions are irreconcilable with the Debtors' assertion that an Independent Manager is running an independent process. The Final Order should (a) replace every "satisfactory to Firehorse" and "sole discretion" standard for sales, bidding procedures, and plans with a requirement of Court approval after notice and a hearing; (b) extend the milestones to provide a reasonable marketing period; (c) bar or limit Firehorse's credit bid, and in all events bar any credit bid of the Roll-Up DIP Loan pending resolution of any challenge; (d) strike the deemed qualified bidder status; and (e) impose an information wall preventing Firehorse and its affiliates from receiving bid information or competitors' confidential information if they intend to bid.

VIII. The DIP Fees and Expenses Are Excessive and Improperly Insulated From Court Review.

47. The facility carries a 4% exit fee, 10% interest, and 12% default interest. *See* DIP Motion at 11. For a short-term facility from an insider, already secured and junior to fully secured prepetition lenders, these fees bear no relationship to market risk. The exit fee is particularly unjustified because the DIP Lender is the Owners' own vehicle and is effectively being paid to fund a process that protects its own investment.

48. The structure also prioritizes fees over principal. On repayment, proceeds go first to the Agent's fees, indemnities, and attorneys' fees, then to the Lenders' fees and attorneys' fees,

and only then to interest and principal. DIP Loan Agreement § 8.02(a). Worse, because the Bridge Loans were already used to pay Firehorse's professionals, DIP Motion ¶ 38, the estates have now funded, or will fund, the insider lender's professionals both before and after the Petition Date.

49. The Final Order should (a) eliminate the exit fee or reduce it to a market level supported by evidence; (b) make clear that there is no unused line fee; and (c) preserve the right of any party to seek disgorgement of fees paid to the DIP Lender or its professionals if the DIP Obligations or Bridge Loans are successfully challenged.

RESERVATION OF RIGHTS

50. The ARG Entities reserve all rights, including the right to (a) supplement this Objection, (b) take discovery of the Debtors, the Independent Manager, the CRO, and Firehorse in connection with the Final Hearing, and (c) join in any objection filed by the Committee or other party in interest. Nothing in this Objection waives any right, claim, or defense of the ARG Entities.

CONCLUSION

WHEREFORE, the ARG Entities respectfully request that the Court deny entry of the Final Order unless it is modified to address the objections set forth herein, and grant such other and further relief as the Court deems just and proper.

Dated: New York, New York
October 13, 2026

LOEB & LOEB LLP

/s/ *Bethany D. Simmons*

Bethany D. Simmons
Noah Weingarten
345 Park Avenue
New York, NY 10154
Tel: (212) 407-4000
Email: bsimmons@loeb.com
nweingarten@loeb.com

Attorneys for ARG Entities

CERTIFICATE OF SERVICE

I, Bethany D. Simmons, an attorney, certify that I served a copy of this *Objection of the ARG Entities to Entry of a Final Order on the Debtors' Motion for Authority to Obtain Postpetition Financing From Insider Lender Firehorse Capital LLC and Related Relief*, on each entity shown on the attached list at the address shown and by the method shown on October 13, 2026.

/s/ *Bethany D. Simmons*
Bethany D. Simmons

SERVICE LIST

REGISTRANTS SERVED THROUGH THE COURT'S ELECTRONIC NOTICE

Derek C. Abbott, Esq., Matthew O. Talmo, Esq., Tamara K. Mann, Esq., Liam Davis, Esq., and Cicely Berzack, Esq., Morris, Nichols, Arsht & Tunnell LLP, on behalf of the Debtors (proposed counsel)
dabbott@morrisnichols.com mtalmo@morrisnichols.com tmann@morrisnichols.com ldavis@morrisnichols.com cberzack@morrisnichols.com

Michael M. Eidelman and William W. Thorsness, Brooke H. Blackwell, Vedder Price, P.C., on behalf of the Debtors (proposed co-counsel)
ecfdocket@vedder.com meidelman@vedder.com michael-eidelman-9405@ecf.pacerpro.com wthorsness@vedder.com william-thorsness6297@ecf.pacerpro.com bblackwell@vedder.com

Adam Brief on behalf of the Office of the United States Trustee for the Northern District of Illinois (Region 11)
adam.brief@usdoj.gov

John Lyons and Gregory Juell, DLA Piper LLP (US), on behalf of the Proposed DIP Lender
john.lyons@us.dlapiper.com gregory.juell@us.dlapiper.com renu.shah@skadden.com chdocket@skadden.com

Dimitri G. Karcazes and Eva D. Gadzheva, Goldberg Kohn Ltd., on behalf of the White Oak Commercial Finance, LLC Lenders
Dimitri.Karcazes@goldbergkohn.com Eva.Gadzheva@goldbergkohn.com

Nicholas R. Marcus and Gus Paloian, Seyfarth Shaw LLP, on behalf of Creditor Schaumburg Bank & Trust Company, N.A., the Wintrust Lenders
nmarcus@seyfarth.com gpaloian@seyfarth.com

Ricardo Alvarez on behalf of Creditor Central States Joint Board Health and Welfare Trust Fund
alvarez@johnsonkrol.com

Brian T Bedinghaus on behalf of Creditor AIM Leasing Company dba AIM NationaLease
bbedinghaus@ralaw.com casedocket@ralaw.com gharris@ralaw.com

Brendan G Best on behalf of Creditor Mill Steel Company
bgbest@varnumlaw.com tachristians@varnumlaw.com

Carrie A. Dolan on behalf of Creditor Providence Bank & Trust
cdolan@cohonraizes.com

Timothy M Hughes on behalf of Creditor Labor Solutions, LLC
thughes@lavellelaw.com r41234@notify.bestcase.com

Jeffrey A Krol on behalf of Creditor Central States Joint Board Health and Welfare Trust Fund
krol@johnsonkrol.com docket@johnsonkrol.com burca@johnsonkrol.com

Stuart Freeman Wilson-Patton on behalf of Creditor TN Dept of Labor –
Bureau of Unemployment Insurance
stuart.wilson-patton@ag.tn.gov

Brian T. Bedinghaus on behalf of Transportation Commodities, Inc., Suppose U Drive, LLC, and AIM Leasing Company
bbedinghause@ralaw.com

Jeffrey C. Dan on behalf of Commonwealth Edison Company and Constellation NewEnergy – Gas Division, LLC
jeffd@goldmclaw.com

Michael A. Brandess and Thomas Zavala on behalf of the Official Committee of Unsecured Creditors

michael.brandess@huschblackwell.com
thomas.zavala@huschblackwell.com

EXHIBIT A

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IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION

ARG LSCHIL001, LLC, ARG LSCHIL002, LLC, ARG LSCHIL003, LLC, all Delaware limited liability companies,

Plaintiffs,

vs.

LAMINATION SPECIALTIES LLC, a Delaware limited liability company, UPG ENTERPRISES, LLC, f/k/a UNION PARTNERS I LLC, a Delaware limited liability company, CHRISTOPHER HUTTER, an individual, and PAUL DOUGLASS, an individual,

Defendants.

CASE NO.: 2025 L 002308

Calendar Y

Hon. Judge John Tully, Jr.

FIRST AMENDED COMPLAINT

Plaintiffs ARG LSCHIL001, LLC, ARG LSCHIL002, LLC, and ARG LSCHIL003, LLC (collectively, "Plaintiffs"), through their attorneys, Loeb & Loeb LLP, state as their Complaint against Defendants as follows:

INTRODUCTION

1. Plaintiffs, three affiliated entities, are each landlords of commercial real properties in Chicago which were leased to Defendant Lamination Specialties LLC ("LSI"). LSI stopped paying rent on all three properties in breach of its Leases with Plaintiffs. Plaintiffs seek to recover monies owed consequent to Defendants' breaches, among other remedies available to them.

2. If only this dispute were that simple – but unfortunately it is not. Plaintiffs became LSI's landlords when they entered into a sale-leaseback transaction with LSI and its affiliates: Plaintiffs purchased the properties from an affiliate of LSI and leased them back to LSI. But these

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transactions – engineered by these entities' parent company, Defendant UPG Enterprises LLC ("UPG"), and its founders, Defendants Christopher Hutter ("Hutter") and Paul Douglass ("Douglass") – were in fact a web of fraud and deceit. Among other things, UPG, Hutter, and Douglass created leases for companies that did not yet exist and on properties in which they had no interest, changed companies' names immediately before transactions closed, and provided Plaintiffs guaranties on behalf of entities that they merged out of existence just days later.

3. UPG, Hutter, and Douglass engaged in these shell games and sham transactions in order to fraudulently induce Plaintiffs to enter into their respective sale and leaseback transactions, and in order to then render LSI insolvent and render its rental obligations uncollectible. What is more, UPG, Hutter, and Douglass periodically looted LSI using a complex web of shell entities such that LSI had no ability to pay its creditors, including Plaintiffs.

4. Because UPG, Hutter, and Douglass used these companies as their alter egos, they should be treated as such, and UPG, Hutter, and Douglass should be equally liable for LSI's debts. Defendants are also liable for fraudulent misrepresentation and fraudulent transfer (740 ILCS 160/5), as well as for other money damages and equitable relief.

THE PARTIES

5. Plaintiff ARG LSCHIL001, LLC ("LSCHIL001") is a real estate investment company organized as a Delaware limited liability company, which has its principal place of business at 650 Fifth Avenue, 30th Floor, New York, New York 10019. Created to facilitate the sale and leaseback of the commercial real property at 315 North Oakley Boulevard, Chicago, Illinois ("315 N. Oakley"), LSCHIL001 is registered and in good standing to conduct business in the State of Illinois. LSCHIL001 is wholly owned by Global Net Lease, Inc., a Maryland corporation operating as a real estate investment trust ("GNL").

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6. Plaintiff ARG LSCHIL002, LLC ("LSCHIL002") is a real estate investment company organized as a Delaware limited liability company, which has its principal place of business at 650 Fifth Avenue, 30th Floor, New York, New York 10019. Created to facilitate the sale and leaseback of the commercial real property located at 235 North Artesian Avenue, Chicago, Illinois ("235 N. Artesian"), LSCHIL002 is registered and in good standing to conduct business in the State of Illinois. LSCHIL002 is wholly owned by GNL.

7. Plaintiff ARG LSCHIL003, LLC ("LSCHIL003") is a real estate investment company organized as a Delaware limited liability company, which has its principal place of business at 650 Fifth Avenue, 30th Floor, New York, New York 10019. Created to facilitate the sale and leaseback of the commercial real property located at 4444 South Kildare Avenue, Chicago, Illinois ("4444 S. Kildare"), LSCHIL003 is registered and in good standing to conduct business in the State of Illinois. LSCHIL003 is wholly owned by GNL.

8. Defendant LSI is a limited liability company that, upon information and belief, manufactures electrical steel laminations for use in the transformer, ballast, and motor industries. LSI was formed in Delaware on November 30, 2017, and its principal place of business is 1400 16th Street, Suite 250, Oak Brook, Illinois. As of August 6, 2025, public records reflect that LSI is managed by UP Investment Holdings, LLC ("UP Holdings"), which in turn is managed by Defendant UPG. UPG, upon information and belief, is the ultimate beneficial owner of LSI. Upon information and belief, Defendants Hutter and Douglass serve as managers of LSI's manager, UP Holdings. LSI is the tenant of Plaintiffs' respective properties at 315 N. Oakley, 235 N. Artesian, and 4444 S. Kildare (together, the "Properties"). LSI fell out of good standing with the Illinois Secretary of State's office on February 2, 2025, and the Illinois Secretary revoked LSI's registration to do business in the state on August 8, 2025.

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9. Defendant UPG is a Delaware limited liability company organized on August 11, 2014 as Union Partners I, LLC. Upon information and belief, the company changed its name to UPG in June of 2019. UPG is an investment holding company and acquisition vehicle in the metal services sector with a principal place of business at 1400 16th Street, Suite 250, Oak Brook, Illinois. UPG is the ultimate beneficial owner and controller of LSI, LSI LBH, LLC, and other related entities. Defendants Hutter and Douglass are co-founders and managers of UPG.

10. Defendant Hutter is an Illinois resident. Hutter is a private equity investor and co-founder of UPG alongside Douglass. Over the course of his career, Hutter has served as a manager or officer of over 300 companies, including some 115 companies that are actively doing business in the state of Illinois. Hutter and Douglass control LSI, UPG, and other related entities. Hutter owns fifty percent of the outstanding membership units of UPG.

11. Defendant Douglass is an Illinois resident. He holds a juris doctor degree from Northwestern University. Douglass co-founded UPG with Hutter and claims to have extensive experience in the acquisition and ownership of steel service centers. Douglass and Hutter control LSI, UPG, and other related entities. Douglass owns fifty percent of the outstanding membership units of UPG.

JURISDICTION AND VENUE

12. Jurisdiction and venue are proper in this Court because the parties have all contractually agreed to litigate disputes arising from the leases subject to this Complaint in Cook County, Illinois.

13. Jurisdiction and venue are also proper in Cook County, Illinois because the properties subject to Plaintiffs' respective leases with LSI are all located in Cook County. Likewise, Cook County is the proper venue for these claims under 735 ILCS 5/2-101(2).

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EFFECT OF AMENDMENT

14. This First Amended Complaint is filed with leave of Court pursuant to this Court's order of July 31, 2025, as entered on August 4, 2025.

15. All factual allegations from Plaintiffs' initial complaint in this matter (the "Initial Complaint"), as filed on February 14, 2025, are hereby incorporated by reference as if fully stated herein.

16. Plaintiffs re-allege and/or incorporate by reference all portions of their Initial Complaint as necessary to preserve any and all dismissed claims for purposes of appellate review.

17. Exhibits A through O of Plaintiffs' Initial Complaint are hereby incorporated by reference as if attached in the first instance to this First Amended Complaint.

18. Attached to this First Amended Complaint as **Exhibit P** is a true and correct copy of a redline comparison of this document against Plaintiffs' Initial Complaint.

BACKGROUND

A. Alter Ego Allegations: Hutter and Douglass Found and Aggressively Expand UPG[1]

19. Private equity investors Hutter and Douglass founded Union Partners I, LLC – now known as UPG Enterprises, LLC[2] – on or about August 11, 2014. UPG was formed to hold and to some extent operate companies in the metals sector. Hutter and Douglass each own 50% of the issued and outstanding membership interests in UPG.

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[1] This Part A does not contain each and every factual allegation supporting Plaintiffs' theory that LSI is the alter ego of UPG, Hutter, and Douglass. Subsequent facts pled in their logical context elsewhere within this Complaint also support or are germane to Plaintiffs' alter ego theory of liability and Plaintiffs may rely upon them as such.

[2] This First Amended Complaint uses "UPG" to refer to both Union Partners I and UPG Enterprises. The company formally changed its name to UPG on June 11, 2019.

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20. UPG is the beneficial owner of LSI, LSI LBH, Inc., ("LSI LBH"), LSI LBH's managers, and UPX Corporation.

21. UPG's business model is relatively simple. Either directly or through subsidiaries, UPG obtains control over often distressed companies in the metals sector through any means available. For instance, UPG has directly or indirectly acquired companies through bankruptcy sales, asset purchases, mergers, and hostile takeovers. These sometimes underhanded tactics have often provoked backlash; for instance, a 2020 hostile takeover of Synalloy Corp. spurred public accusations that UPG had made "patently false claims" regarding Hutter's biography and other matters.

22. Once it acquires a portfolio company, upon information and belief, UPG attempts to extract value from that company through consolidation, liquidation, or other methods.

23. The companies in UPG's portfolio are held either directly by UPG or through a byzantine web of shell companies with interlocking (and confusing) ownership structures. UPG and its affiliates, including LSI and over 100 other companies actively registered to do business in Illinois, all operate out of the same office suite in Oak Brook, Illinois. Hutter and Douglass are the ultimate beneficial owners of all of these companies, and they manage them together. Hutter or Douglass have at one time or another managed each of these companies. For example, Hutter is listed as the manager for hundreds of limited liability companies in Illinois and Michigan alone. UPG employs so many shell entities that Hutter and Douglass have at times lost track of which entity serves what purpose. This web of shell entities is largely a means to insulate UPG, Hutter, and Douglass from liability.

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24. In just ten years, UPG indirectly or directly acquired at least fifteen industrial operating companies, primarily in the metals industry. Six of these companies were acquired in 2018 and 2019 alone.

25. Although it is a self-described investment holding company, UPG also claims to perform a vast swatch of purportedly "non-core" operations for its portfolio companies as part of its business model. Among the operations it claims to perform for its portfolio companies are IT, marketing, human resources, finance, sales, purchasing, logistics, and operations. In reality, by handling all of these functions, UPG in essence operates the portfolio companies directly. Upon information and belief, UPG operated LSI in this manner.

26. Publicly, UPG reports having between 1000 and 5000 employees. However, upon information and belief, no more than 200 employees (and perhaps far fewer) work for UPG directly. This means that no more than 200 people are tasked with providing all of the operational and other support services for a large portfolio of companies in the metals sector that collectively purportedly earn hundreds of millions of dollars.

27. By June 2020, UPG touted $725 million in annual revenue. Since that time, upon information and belief, UPG's estimates of annual revenue have increased to over $1 billion. UPG's net income in any given year is significantly less. For example, in 2018, UPG reported $712,059,000 in annual revenue, but only $46,844,000 in net income.

28. Upon information and belief, UPG's various subsidiaries, including LSI, rarely if ever held annual meetings, took votes, recorded meeting minutes, or observed other corporate formalities. Further, UPG, Hutter, and Douglass fail to take basic steps to preserve the legal status of some of their entities. LSI, for example, has not been in good standing with the Illinois Secretary of State's Office since February 2, 2025. LSI failed to take steps to restore its good standing with

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the state, and – upon information and belief – LSI has not taken any measures to re-register with the Illinois Secretary of State after its business registration was revoked on August 8, 2025.

29. Defendants' disregard of corporate formalities is also literal. Whether on purpose or the product of carelessness, Hutter and Douglass often get their morass of special purpose entities confused with one another. For example, in at least one sale and leaseback transaction following a merger, Douglass signed lease documents on behalf of an acquired company after the company had already been dissolved. And, either fraudulently or at best recklessly, Hutter and Douglass have signed legal documents as managers of dissolved companies and likewise confused holding companies for their subsidiaries and vice versa when executing documents.

30. As of the date of this filing, two of UPG's larger portfolio companies, Contractors Steel Company ("Contractors Steel") and LSI, are purportedly insolvent. Borrmann Metals Center ("Borrmann"), a wholly-owned subsidiary of Contractors Steel, notified creditors of an assignment for the benefit of creditors on January 24, 2025. Other UPG affiliates such as Maksteel, GenX Leasing Partners, and Mapes & Sprowl, LLC have also had chronic difficulty paying rent on time. Both UPG and its portfolio companies, upon information and belief, regularly fail to pay their vendors. Indeed, UPG and its portfolio companies have recently been named in at least eleven lawsuits filed by creditors because they failed to pay invoices or repay debt, among other grounds (some including fraud).[3] UPG's portfolio companies are struggling and even failing despite what has been a thriving steel market during the past decade.

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[3] *See* Complaint, *Pacific Steel Projects, Inc. v. Bormann Metal Ctr., et al.*, No. CVRI2405288 (Cal. Sup. Ct.), filed Sept. 20, 2024; Complaint, *AIM Leasing Co. v. UPG Enters.*, No. 4:24-cv-02163 (N.D. Ohio), filed Nov. 5, 2024; Complaint, *Nexgen Metals, Inc. v. Borrmann Metals Ctr*, No. 24STCV31766 (Cal. Sup. C.), filed Dec. 3, 2024; Complaint, *Universal Mktg., LLC v. UPG Enters., LLC*, No. 2025-LM-000006 (Ill. Kane Cty. Cir.), filed Jan. 16, 2025; Complaint, *Wedeen v. v. UPG Enters., LLC,* No. 2:25-cv-00696 (C.D. Cal.), filed Jan. 27, 2025; Complaint, *Transportation Commodities, Inc. v. UPG Enters., LLC*, No. 4:25-cv-00577-CAB

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31. The failure of companies in UPG's portfolio like LSI and Contractors Steel is by design. UPG, Hutter, and Douglass do not have strategic growth plans for the companies that UPG acquires. Instead, upon information and belief, UPG attempts to extract value from each company through consolidation, liquidation, or other methods.

32. Hutter and Douglass freely shift money between UPG affiliates, often without any sort of documentation. For example, when an entity would need to show a certain level of working capital to obtain a loan, Hutter and Douglass would shift assets or receivables to that entity in order to satisfy the lender. Once the lender was satisfied, Hutter and Douglass would shift the transferred funds back to UPG, to other UPG affiliates, or to themselves. In other instances, Hutter and Douglass made sure that bogus "disposition" and "global incentive" fees would be paid to entities they controlled as part of the closing costs of transactions (as with the sale and leaseback transaction at issue in this lawsuit) involving UPG entities.

33. As they did with LSI, Hutter, Douglass, and UPG also shifted assets from one entity to another to avoid paying creditors.

34. Defendants' pattern and practice of stiffing creditors is on display in allegations from multiple recent lawsuits against the now-insolvent Contractors Steel and its subsidiaries. For example, in *Nexgen Metals, Inc. v. Borrmann Metal Center,*[4] one of Borrmann's suppliers alleges that Borrmann failed to pay invoices for products worth more than $500,000. The supplier was allegedly promised by a UPG executive that UPG would pay Borrmann's past due invoices.

(N.D. Ill.), filed March 24, 2025; Complaint *Intersoft Data Labs, Inc. v. UPG Enters., LLC,* No. C-13-CV-000309 (Md. Cir. Ct.), filed Apr. 7, 2025; Complaint *ARG UPDBNMI001, LLC v. GenX Leasing Partners*, *et al.,* No. 2025L006760 (Ill. Cir. Ct. Cook Cty.), filed May 23, 2025; Verified Complaint, *Sentinel Techs., Inc. v. UPG Enters., LLC*, No. 2025LA000623 (Ill. Cir. Ct. DuPage Cty.), filed May 23, 2025; *ARG LSWYGMI001, LLC v. Maksteel USA, LLC*, *et al.,* No. 25C708 (Tenn. Cir. Ct. 11th Dist.), filed June 2, 2025.

[4] No. 24STCV31766, Superior Court of Los Angeles County, California.

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Instead, the supplier alleges that its products were allegedly transferred to a shell company owned by Borrmann's parent companies and that UPG never paid the bill. Another creditor has sued UPG directly, claiming that UPG will not honor a Guaranty made for a $5,000,000 promissory note the creditor granted to Contractors Steel as part of a stock purchase agreement.[5] Not including the instant lawsuit, creditors have sued for over $14.5 million in recent suits against UPG or its affiliates.

35. Above all else, Hutter and Douglass take great pains to ensure they are personally able to extract as much value as possible from UPG and its affiliates, including LSI, often at the expense of these companies. For example, Hutter and Douglass cause UPG to issue large dividend payments to themselves. Hutter and Douglass also cause UPG entities to pay large management fees to a separate entity they created which exists only to provide themselves with various luxury perks, such as luxury cars and chartered trips on private jets.

36. Upon information and belief, UPG has had at least seven Chief Financial Officers since 2019, several of whom, along with other C-Suite executives, departed UPG because of financial impropriety.

37. Hutter and Douglass have controlled UPG during all times relevant to this Complaint.

38. Upon information and belief, UPG affiliates are leveraged to a great extent, and the lion's share of profits or loan proceeds are piped up to UPG or its affiliates at the direction of Hutter and Douglass.

[5] *See Wedeen v. UPG Enterprises, LLC*, No. 2:25-cv-00696 (C.D. Cal.).

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39. LSI is dominated and controlled by and a mere business conduit for Hutter, Douglass, and UPG. Like all of UPG's portfolio companies, LSI is an instrument of UPG, which Hutter and Douglass use to keep UPG funded and to finance their own lavish lifestyles.

B. Hutter and Douglass Sign the LSI Leases on Behalf of Shell Companies That Do Not Exist, Despite Having No Interest in the Properties

40. Lamination Specialties, Corp. ("Lamination Corp.") was a metals manufacturer that was independent from Hutter, Douglass, and their web of entities until early 2018. Lamination Corp. previously owned each of the three Properties in Chicago that are now owned by Plaintiffs – 315 N. Oakley, 235 N. Artesian, and 4444 S. Kildare.

41. Even though Hutter, Douglass, and their web of entities had no ownership or leasehold interest in the Properties at the time, on October 31, 2017, Hutter and Douglass caused leases to be signed for each of the three Properties (the "Leases") by entities that did not yet exist.

42. The Leases had nearly identical terms, with each being between a company called LSI LBH LLC ("LSI LBH") as Landlord and LSI as Tenant. Hutter signed the Leases on behalf of LSI LBH as its manager, whereas Douglass signed for LSI as its manager. The lease for 315 N. Oakley is attached hereto as **Exhibit A** ("Oakley Lease"); the lease for 235 N. Artesian is attached hereto as **Exhibit B** ("Artesian Lease"); and, the lease for 4444 S. Kildare is attached hereto at **Exhibit C** ("Kildare Lease").

43. LSI LBH, LSI, and LSI LBH's manager (LSI LBH Investment Manager, LLC) ***did not even exist*** at the time the Leases were signed, let alone hold an interest in the Properties. These companies were not organized in Delaware until November 30, 2017.[6]

[6] Three other LSI LBH entities were also formed on November 30, 2017: LSI LBH Global Investments LLC, LSI LBH Investment Holdings LLC, and LSI LBH Investment Partners LLC.

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44. All these entities shared a business address with Douglass and Hutter's web of other companies at 1400 16th Street, Suite 250 in Oak Brook, Illinois. LSI LBH's registration to do business in Illinois was revoked on June 11, 2021. Both LSI and LSI LBH Investment Manager were voluntarily cancelled in Delaware on May 17, 2022.

45. Upon information and belief, Hutter and Douglass control and dominate LSI LBH, LSI, and the related entities through UPG and/or another entity created for that purpose, and have controlled and dominated those entities since their inception.

46. LSI LBH did not formally own the Properties until it purchased all three on February 27, 2018:

(a) Lamination Corp. sold 315 N. Oakley to LSI LBH for $3.9 million. Douglass signed on behalf of Lamination Corp. as its Secretary.

(b) Lamination Corp. sold 235 N. Artesian to LSI LBH for $4.2 million. Douglass again signed on behalf of Lamination Corp. as its Secretary.

(c) Lamination Corp. sold 4444 S. Kildare to LSI LBH for $7.75 million. Douglass again signed on behalf of Lamination Corp. as its Secretary.

47. LSI LBH purchased the Properties, in part, with a cross-collateralized mortgage from West Bank in the amount of $10,000,000, which was dated February 26, 2018. Hutter signed the mortgage on behalf of LSI LBH.

48. Lamination Corp. amended its articles of incorporation on February 27, 2018 – the same day it conveyed the Properties to LSI LBH – to change its corporate name to UPX Corporation ("UPX Corp.").

49. As a result of its purchases from Lamination Corp., LSI LBH became the owner and landlord of the Properties, as Hutter had represented it was months earlier when he executed the Leases on LSI LBH's behalf.

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50. Ultimately, in a facially separate deal that closed just three days after LSI LBH purchased the Properties, on March 2, 2018, UPG acquired UPX Corp. in its entirety.

C. The Terms of the Leases

51. The Leases are each governed by Illinois law. (Exs. A-C § 29.6.) Under the Leases, LSI agreed to submit to this Court's jurisdiction in the event suit was brought against it in Cook County, Illinois. (*Id.* § 20.6.)

52. On October 31, 2017, pursuant to the Oakley Lease, LSI LBH agreed to lease 315 N. Oakley to LSI for a period of ten years in exchange for annual Base Rent in the initial amount of $330,000, payable monthly. (Ex. A at 1). The parties agreed that Base Rent would increase by one percent each year. *Id.* The current amount of monthly Base Rent for 315 N. Oakley is $29,483.72 as of February 1, 2025.

53. On October 31, 2017, pursuant to the Artesian Lease, LSI LBH agreed to lease 235 N. Artesian to LSI for a period of ten years in exchange for annual Base Rent in the initial amount of $395,000, payable monthly. (Ex. B at 1.) The parties agreed that Base Rent would increase by one percent each year. *Id.* The current amount of monthly Base Rent for 235 N. Artesian is $34,985.93 as of February 1, 2025.

54. On October 31, 2017, pursuant to the Kildare Lease, LSI LBH agreed to lease 4444 S. Kildare to LSI for a period of ten years in exchange for annual Base Rent in the initial amount of $672,500, payable monthly. (Ex. C at 1.) The parties agreed that Base Rent would increase by one percent each year. (*Id.*) The current amount of monthly Base Rent for 4444 S. Kildare is $60,084.26 as of February 1, 2025.

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55. "Rent" is defined under the Leases to include Base Rent, Management Fees, tax charges, and expense charges as specified in sections 3.1, 3.3, 4.1, among others, of the Leases. (*See* Exs. A-C.)

56. As a technical matter, the four corners of the Leases made it unclear whether any of the Leases could ever actually take effect. LSI LBH and LSI agreed that each Lease would commence on "[t]he date of the closing of the transactions contemplated by the Real Estate Purchase Agreement between Lessor and Lessee, pursuant to which Lessor will purchase the Premises from Lessee." (*See* Exs. A-C at 1-2.) However, LSI never owned any of the Properties, so LSI LBH could never have purchased any of the Properties from LSI. Further, the parties apparently agreed initially that LSI would be within its rights to terminate each Lease if LSI LBH failed to deliver possession of the premises by October 15, 2015 – more than two years *before* the Leases were executed. (*Id.* § 1.3.)

57. In any event, in a separate agreement executed on February 26, 2018, LSI LBH and LSI agreed (through Hutter and Douglass, respectively) that the Leases would commence that day and expire on February 28, 2028 (the "Commencement Date Agreements"). But it would be another day (on February 27, 2018) until LSI LBH actually owned any of the Properties. True and correct copies of the Commencement Date Agreements for the Properties are attached hereto as **Exhibit D**.

58. The parties also agreed that the Base Rent would be "absolutely net" to the Landlord, or what is commonly known as "triple net." (Exs. A-C § 3.4.) As such, in addition to Base Monthly Rent, LSI agreed to be responsible for "each and every item of Taxes and operating expenses of every kind and nature whatsoever, the payment of which Landlord is, shall, or may

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become liable for by reason of its estate or interest in the [property]. . . ." (*Id.* § 3.4; *e.g.*, *id.* §§ 3.1, 3.3). Together with Base Rent, these items constitute "Rent." (*Id.* §§ 3.1, 3.3.)

59. As a portion of its Rent, LSI agreed to reimburse Landlord for premiums paid on Commercial General Liability and Loss of Rent insurance policies for the Properties. (*Id.* § 14.1.)

60. The Leases also require LSI to pay all taxes, assessments and fees "levied upon or against the Premises, or the rents collected therefrom, by any governmental entity based upon the ownership, leasing, renting, or operation of the Premise, including all reasonable costs and expenses of protesting such taxes, assessments or fees." (*Id.* § 4.1, § 4.2.)

61. According to each Lease, in the event LSI fails to pay Rent within five days after it is due, the Landlord is within its rights to assess a Late Charge in the amount of the greater of "(i) $500, or (ii) 5% of the past due payment or installment of rent." *(Id.* §§ 3.6.)

62. The parties agreed that Rent would be paid to the Landlord "or to such other party or to such other address as Landlord may hereafter designate by written notice to Tenant." (*Id.*)

63. LSI further agreed that it would pay interest on past due rent at a "Default Rate" of the lesser of one (1) percent per month, or (ii) 10% plus the corporate base rate of interest announced periodically by Bank of America as the "Prime Rate," but in no event higher than the maximum rate permitted by applicable law. (*Id.* § 3.6.) According to the Leases, interest on past due rent would begin to accrue from the fifth day following the date rent is due. (*Id.*)

64. Under section 10 of the Leases, LSI agreed to observe and comply with rules and regulations as listed in Exhibit C to each Lease. (*Id.* § 10.) Paragraph 13 of Exhibit C requires LSI to keep doors to unattended areas locked and to otherwise exercise reasonable precautions to protect property from theft, loss, or damage. (*Id.* at Ex. C ¶ 13.) In that same vein, Exhibit C also requires LSI to immediately notify Landlord of any theft or accident in the premises. *(Id.* ¶ 14.)

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65. Under section 14.2 of the Leases, LSI is required to purchase and maintain various insurance policies throughout the Lease term, including Commercial General Liability Insurance and Property Insurance. The Commercial General Liability insurance required under the Leases requires LSI to obtain coverage for property damage arising out of its "operations, omissions, assumed liabilities or use of the Premises." (*Id.* § 14.2(A).) Further, under the Leases, LSI must maintain Property Insurance that covers all risks of direct physical loss, including vandalism. (*Id.* § 14.2(B).)

66. Once Rent becomes past due, LSI's failure to pay Rent within five days constitutes a "Default" by LSI under the Leases. (*Id.* § 20.1(1).) Other events of Default include a "default by any guarantor under the lease" along with the failure of LSI as Tenant "to observe or perform any other covenant or obligation of Tenant under the Lease." (*Id.*)

67. As provided in the Leases, if LSI does not cure any default within 30 days after receiving written notice of the default from the Landlord, the Landlord may pursue its remedies under the Lease. (*Id.*)

68. In the event LSI is in monetary default more than twice within any 12 month period during the lease term (i.e., when there have been "Chronic Defaults"), Landlord has the right under section 20.7 of the Leases to elect, among other actions, to "require Tenant to pay all Rent due under this lease by automatic fund transfers from Tenant's bank account[.]" (*Id.* § 20.7.) The parties agreed that an election by the Landlord under section 20.7 does not limit the Landlord's "other rights and remedies under this Lease, at law or equity[.]" (*Id.*)

69. In addition to termination of the Leases or termination of LSI's possession of the Properties, the Leases provide the Landlord with the right to "pursue any of its rights and remedies

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at Law or in equity[.]" (*Id.* § 20.2.) The Landlord's rights under the Leases are cumulative and can "be pursued successively or concurrently as Landlord may elect." (*Id.* § 20.3.)

70. The Leases require LSI to reimburse the Landlord for "all costs and expenses incurred by Landlord by reason of any Default (including reasonable legal fees)" whether or not a legal action is instituted. (*Id.* § 20.5.) The prevailing party in any litigation to enforce Landlord's rights under the Leases is entitled to legal costs and attorney's fees. (*Id.*)

71. The Landlord has the absolute right to transfer and assign its rights under the Leases. (*Id.* § 29.16.)

72. The Oakley Lease constitutes the entire agreement between Landlord and LSI with respect to that property, excepting the Commencement Date Agreement dated February 26, 2018. (Ex. A § 29.2.)

73. The Artesian Lease constitutes the entire agreement between Landlord and LSI with respect to that property, excepting the Commencement Date Agreement dated February 26, 2018. (Ex. B § 29.2.)

74. The Kildare Lease constitutes the entire agreement between Landlord and LSI with respect to that property, excepting the Commencement Date Agreement dated February 26, 2018. (Ex. C § 29.2.)

75. The Leases have not been amended.

D. Plaintiffs Buy the Properties from LSI LBH and Lease Them Back to LSI

1. Negotiations and UPG's Representations

76. LSI LBH entered into negotiations with AR Global Investments, LLC ("AR Global")[7] acting on behalf of Plaintiffs for the sale and leaseback of the Properties (the "Sale and

[7] AR Global is GNL's predecessor-in-interest as the parent company to Plaintiffs.

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Leaseback Transactions"), which would entail:

(a) LSI LBH's sale of 315 N. Oakley to LSCHIL001 and subsequent assignment of the Oakley Lease to LSCHIL001 as Landlord, with LSI remaining as Tenant.

(b) LSI LBH's sale of 235 N. Artesian to LSCHIL002 and subsequent assignment of the Artesian Lease to LSCHIL002 as Landlord, with LSI remaining as Tenant.

(c) LSI LBH's sale of 4444 S. Kildare to LSCHIL003 and subsequent assignment of the Kildare Lease to LSCHIL003 as Landlord, with LSI remaining as Tenant.

77. During the negotiations, on or about March 1, 2018, Hutter and Douglass met in New York City with AR Global's Chief Executive Officer and Executive Vice President. During the course of this meeting, Hutter and Douglass discussed UPG's business model and goals. In that meeting and in related communications, Hutter and Douglass explained that they hoped to continue to roll up steel manufacturers and operating companies in related industries under the UPG umbrella. They sought to convince AR Global's representatives to buy the Properties, as well as properties belonging to other steel companies that UPG hoped to acquire, like Contractors Steel, and then lease back the Properties and those other related properties to those operating companies. By paying that purchase price to UPG, AR Global would be providing the cash that UPG could then use to acquire these operating companies – so AR Global would effectively be financing the roll-ups that Hutter and Douglass hoped to accomplish. AR Global understood, based on the representations made to it by Hutter and Douglass, that the financing it was being asked to provide would be the lynchpin of UPG's entire strategy

78. AR Global had previously done similar transactions with UPG on a smaller scale, and the UPG entities had consistently paid their rent and otherwise performed their obligations under those transactions, and the relationship had been smooth. AR Global was also aware of Douglass' personal and family experience in the steel industry. Nevertheless, AR Global needed

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to get comfortable with its role in what would be a much larger set of transactions. To that end, Hutter and Douglass falsely represented, among other things, that UPG would be a well-capitalized conglomerate, with UPG providing financial and operational backing for each of the entities it acquired, and that the various entities would be cross-collateralized. That would not only minimize AR Global's risk as a future landlord, but it would also be affirmatively good business for AR Global, since it would be helping to build a conglomerate, which would pay it escalating rents at an increasing number of sites in a high-yield industry and a low-risk environment for years to come. In short, Hutter and Douglass misled AR Global to believe that supporting and effectively financing UPG's intended roll-up under one umbrella would be good business not only for UPG but also for AR Global.

79. AR Global and Plaintiffs believed and reasonably relied on these representations. In its internal deliberations regarding this transaction, AR Global emphasized its reliance on UPG's creditworthiness, its strong financials on a corporate level, and the fact that it was one of the largest manufacturers of laminations in North America. AR Global also reasonably believed UPG's representation that AR Global's financial backing of UPG on a larger scale would buttress the security of its investments. This belief ultimately led AR Global to enter into sale and leaseback transactions not only on the three LSI properties but also on a number of other UPG properties, including, just two months later in May 2018, five properties formerly owned by Contractors Steel, which UPG was then able to acquire as well.

2. The Agreement for Purchase and Sale of Real Property

80. On February 14, 2018, LSI LBH and AR Global entered into an Agreement for Purchase and Sale of Real Property ("Purchase Agreement") under which LSI LBH agreed to sell the Properties to the Plaintiffs for a combined total of $17,808,918. A true and correct copy of the Purchase Agreement is attached hereto as **Exhibit E**.

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81. Chris Hutter signed the Purchase Agreement on behalf of LSI LBH.

82. In entering into the Purchase Agreement, LSI LBH represented that it was "the owner of each of the [Properties]." (Ex. E at ¶ A.)

83. This representation was false. The Purchase Agreement became effective on February 14, 2018, but LSI LBH did not actually own any of the Properties until February 27, 2018.

84. Additionally, "[f]or the purpose of inducing Buyer to enter into [the Purchase] Agreement and to consummate the sale and purchase of the Propert[ies] . . . as of [February 14, 2018] and as of the Closing Date with respect to the Propert[ies,]" LSI LBH represented that all the Leases affecting the property were "in full force and effect." (*Id.* § 11(f).)

85. This representation was false. The Leases were not in full force and effect because LSI LBH did not even own any of the Properties. Even if it did, LSI LBH and LSI agreed that the Leases would commence on February 26, 2018.

86. Plaintiffs and LSI LBH planned to close the sale in late March 2018.

3. Lamination Corp. Guarantees LSI's Obligations, But Shortly Thereafter Hutter and Douglass Merge Lamination Corp. Into LSI

87. On March 22, 2018, Lamination Corp. – now operating under the new corporate name of UPX Corp. – entered into three Guaranties in favor of LSI LBH: one for each of the Properties (the "Guaranties"). Under each Guaranty, UPX Corp. agreed to be responsible and liable for LSI's obligations under the Leases. Douglass signed each of the Guaranties on behalf of UPX Corp. as its President. True and correct copies of the Guaranties are attached to this Complaint as **Exhibit F**.

88. UPX Corp. represented that the Guaranties were intended to be "an inducement to Landlord to enter into" the Leases. Although Plaintiffs were not expressly named in the Guaranties,

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the Guaranties were created by UPX Corp., LSI, and Douglass, and used to induce Plaintiffs to finalize their respective deals with LSI. Indeed, AR Global viewed the Guaranties collectively as an important risk mitigation factor. Lamination Corp. (now UPX Corp.) had revenues of $31.2 million and a net income of $4.2 million at the end of 2016, with $72.5 million in assets. In addition to the backing of UPG, these strong financials of the Guarantor on a corporate level lessened any concern posed by LSI defaulting on lease payments.

89. The parties to the Guaranties consented to jurisdiction and venue in Cook County, Illinois. (Ex. F at 2, 5, 8.)

90. UPX Corp. represented in the Guaranties that it held an economic interest in LSI.

91. Among other provisions, UPX Corp. agreed that its Guaranties would "remain and continue in full force" even after any assignment of the Leases, and "agree[d] to be bound by any and all such modifications to the Lease[s]." (*Id*.)

92. UPX Corp. also agreed that all of its obligations and liabilities under the Guaranties would be binding upon "the heirs, legal representatives, successors, and assigns of Guarantor," and further that UPX Corp. and "its heirs, legal representatives, successors and assigns [would] remain fully liable under the Lease and [each] Guaranty *regardless of any merger, corporate reorganization or restructuring involving Tenant*[.]" (*Id.* at 1, 4, 7) (emphasis added).

93. The final provision of the Guaranties states: "This Guaranty shall terminate and be of no further force or effect upon Tenant delivering to Landlord a certificate of merger evidencing the completion of the planned merger between Tenant and Guarantor." (*Id.* at 2, 5, 8.)

94. Mere days later, UPX Corp. did, in fact, merge into LSI. The merger was formally agreed to on March 26, 2018 and filed with the Illinois Secretary of State on April 10, 2018. A Certificate of Merger was filed with the State of Delaware on April 12, 2018. True and correct

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copies of LSI's Articles of Merger and its Certificate of Merger from the state of Delaware are attached to this Complaint as **Exhibit G**. Yet, unbeknownst to Plaintiffs or AR Global, Hutter and Douglass signed off on Illinois state paperwork for the merger even earlier – on February 21, 2018. (Ex. G at G-4.)

95. The Agreement and Plan of Merger recited that LSI owned 100% of the shares of UPX Corp. (Ex. G. at 5.)

96. Douglass signed on behalf of UPX Corp. as its President. Both Hutter and Douglass signed as managers of Union Partners I (i.e., UPG), in its capacity as manager of UP Investment Holdings, LLC, in its capacity, in turn, as manager for LSI. (*Id.* at 8.)

97. Hutter and Douglass clearly intended to merge UPX Corp. into LSI well in advance. Although the Agreement and Plan of Merger was not signed until March 26, 2018, on February 21, 2018 both Douglass and Hutter signed, under penalty of perjury, a form prepared for submission to the Illinois Secretary of State which represented that UPX Corp. was merging into LSI. (*Id.* at 4.)

98. Yet Hutter and Douglass never revealed to Plaintiffs or AR Global that this merger was planned and that it would be effectuated within days of when the Guaranty was signed. If they had, AR Global would not have agreed to the Sale and Leaseback Transaction as structured.

4. <u>The Sale and Leaseback Transaction Closes</u>

99. On March 29, 2018, just three days after the merger between LSI and UPX Corp. was finalized, but before it was filed with either the Illinois Secretary of State or the State of Delaware, LSI LBH consummated the sale and leaseback transactions with Plaintiffs concerning the Properties:

(a) LSI LBH conveyed 315 N. Oakley to LSCHIL001 in exchange for $4,203,822.

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(b) LSI LBH conveyed 235 N. Artesian to LSCHIL002 in exchange for $5,038,217.

(c) LSI LBH conveyed 4444 S Kildare Ave to LSCHIL003 in exchange for $8,566,879.

100. Among other closing costs, LSI LBH paid "disposition fees" to LSI LBH Investment Manager in the amount of $178,089.18. Similarly, LSI LBH paid LSI LBH Global Investment "global incentive fees" in the amount of $577,954.74. Upon information and belief, UPG, Hutter, and Douglass controlled both LSI LBH Global Investment Manager and LSI LBH Global Investment.

101. Net of its payoff of the West Bank mortgage and other closing costs, LSI LBH earned $6,961,501.18 from the sale of the Properties.

102. For each of the Properties, LSI LBH assigned its Lease with LSI along with its rights under the Guaranties to each of the respective Plaintiffs. True and correct copies of the Assignment and Assumption of Lease, Guaranty, and Security Deposit for each Property are attached to this Complaint as **Exhibit H** (collectively the "Assignments").

103. Pursuant to each of the Assignments, LSI LBH assigned, transferred, set over, and conveyed to Plaintiffs its right, title and interest in the Leases.

(a) LSCHIL001 accepted the assignment of LSI LBH's lease to LSI of 315 N. Oakley on March 29, 2018.

(b) LSCHIL002 accepted the assignment of LSI LBH's lease to LSI of 235 N. Artesian on March 29, 2018.

(c) LSCHIL003 accepted the assignment of LSI LBH's lease to LSI of 4444 S. Kildare on March 29, 2018.

(Ex. H. at 1-3 [Oakley], 4-6 [Artesian], 7-9 [Kildare].)

104. Hutter signed the Assignments as manager of LSI LBH Investment Holdings, LLC, in its capacity as manager of LSI LBH Investment Manager, in its capacity, in turn, as manager of

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LSI LBH. Michael Anderson signed as authorized signatory for Plaintiffs.

105. All told, Plaintiffs combined paid LSI LBH $17,808,918 to purchase the Properties. Putting aside the payoff of its February 26, 2018 mortgage with West Bank and other closing costs, LSI LBH realized a net profit of some $1,978,918 between purchasing the Properties from Lamination Corp. and selling the Properties to ARG.

106. In a written notice dated April 5, 2018, LSCHIL001 directed LSI to make all payments due to the Landlord under the Oakley Lease to Global Net Lease Operating Partnership, LLP ("GNL Operating"), P.O. Box 536103, Pittsburgh, Pennsylvania 15253.

107. In a written notice dated April 5, 2018, LSCHIL002 directed LSI to make all payments due to the Landlord under the Artesian Lease to GNL Operating, P.O. Box 536103, Pittsburgh, Pennsylvania 15253.

108. In a written notice dated April 5, 2018, LSCHIL003 directed LSI to make all payments due to the Landlord under the Kildare Lease to GNL Operating, P.O. Box 536103, Pittsburgh, Pennsylvania 15253.

E. LSI Defaults on the Leases

1. LSI Fails to Meet its Obligations under the Oakley Lease

109. For the first six years of the lease term, LSI paid Rent under the Oakley Lease to LSCHIL001 as successor in interest to LSI LBH.

110. Unbeknownst to LSCHIL001, LSI ceased operations and removed its personal property from 315 N. Oakley in the Summer or Fall of 2023.

111. In its absence, LSI allowed the physical condition of 315 N. Oakley to deteriorate. An August 20, 2024 inspection by the City of Chicago's Department of Buildings cited at least six municipal ordinances that had been violated, some of which the city rated as potentially

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dangerous.[8] The City of Chicago subsequently filed a lawsuit against LSCHIL001 and LSI on June 13, 2025, seeking to compel remediation of physical conditions at 315 N. Oakley that allegedly violate the Municipal Code, among other relief.[9]

112. Under sections 6, 10, and Exhibit C of the Oakley Lease, LSI is responsible for keeping 315 N. Oakley from disrepair, but LSCHIL001 has been forced to shoulder that responsibility, which will necessitate making costly repairs and potentially paying fines from the Department of Buildings. The City has intimated that those fines could be as large as $1,000,000 or more.

113. Even worse, beginning on or about September 16, 2024, while 315 N. Oakley sat vacant, burglars began looting the property. Burglaries occurred with increasing frequency until, by November 2024, they were occurring almost nightly. The front locks were removed and copper wire and brass along with an air conditioning unit were stolen from the property. LSI did not file an initial police report regarding these incidents until September 20, 2024, and did not inform LSCHIL001 of the burglaries until ***nearly two months later***, on November 13, 2024.

114. LSI stopped paying Rent for 315 N. Oakley in June 2024 and has not paid Rent since.

115. After LSI failed to communicate with LSCHIL001 regarding outstanding Rent payments, attorneys for LSCHIL001 notified LSI on August 6, 2024 that LSI was in default under section 20 of the Oakley Lease. True and correct copies of the August 6, 2024 notice of default and ensuing correspondence between the parties are attached to this Complaint as **Exhibit I.**

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[8] Specifically, the City of Chicago cited the following ordinances: CN065014, CN062014, CN063014, CN073014, CN041063, and CN061014.

[9] *See* Complaint for Equitable and Other Relief, *City of Chicago v. ARG LSCHIL001, LLC et al.,*, Case No. 2025 M1 400852 (Ill. Cir. Ct. Cook Cty.), filed June 13, 2025.

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116. On October 29, 2024, LSI responded to LSCHIL001's August 6, 2024 notice of default.[10] (Ex. I at 3.) LSI informed LSCHIL001 that it had not occupied the property in approximately one year. (*Id.*) Additionally, LSI represented that it had no money to meet its obligations under the Oakley Lease, and stated it was terminating the Lease and would surrender the premises. (*Id.*) LSI did not inform LSCHIL001 of the burglaries on the property until November 13, 2024.

117. On December 11, 2024, LSCHIL001 responded to LSI's letter from October 29, 2024. (*Id.* at 5.) LSCHIL001 reminded LSI that it had agreed in the Oakley Lease that it could not terminate the Lease for reasons of insolvency, without cause, or for any other applicable reason. (*Id.*) Rejecting LSI's purported termination of the Oakley Lease and surrender, LSCHIL001 reiterated that LSI was in default for failure to pay outstanding Rent. (*Id.*) LSCHIL001 further "expressly reserve[d] all rights and remedies available to it against Tenant pursuant to the Lease, including but not limited to Article 20 of the Lease; all rights and remedies available to it against Guarantor pursuant to the Guaranty; and all other rights and remedies available to it against both Tenant and Guarantor at law and in equity." (*Id.* at 6.) LSI did not respond to this correspondence.

118. On January 3, 2025, LSCHIL001 sent a follow-up notice, which this time included a document preservation notice. (*Id.* at 7.) LSI again did not respond.

119. Counsel for LSI received LSCHIL001's notices of default dated August 6, 2024 and December 11, 2024, respectively (together, the "Oakley Notices of Default").

120. On January 28, 2025, counsel for LSCHIL001 notified LSI that it was exercising its right under section 20.7 of the Oakley Lease to require LSI to pay – in addition to the past due

[10] LSI's reference to LSCHIL002 in its October 29 response to LSCHIL001 is a scrivener's error. (*See* Ex. I at 3.) In substance, this letter discusses the Oakley Lease and property damage to 315 N. Oakley.

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Rent LSI already owed – all Rent due through February 28, 2028, the Expiration Date of the Oakley Lease. A true and correct copy of LSCHIL001's Notice of Acceleration letter to LSI is attached to this Complaint as **Exhibit J**.

121. LSCHIL001, as successor to LSI LBH, fully performed its own obligations under the Oakley Lease.

122. As of August 1, 2025, LSI owes at least $1,558,959.83 in Rent for 315 N. Oakley, consisting of at least:

(a) $439,628.52 in Base Rent;

(b) $4,396.32 in Management Fees;

(c) $64,794.06 in Common Area Maintenance Fees;

(d) $2,654.48 in insurance cost reimbursements;

(e) $86,392.06 for LSI's proportionate share of property taxes;

(f) $66,225.19 in Late Charges; and

(g) $894,869.20, which constitutes the full amount of Rent due to LSI from September 1, 2025 through February 28, 2028, discounted to present value.

123. LSI owes LSCHIL001 interest on past due Rent at the Default Rate pursuant to section 3.6 of the Oakley Lease.

124. As of the date of this Complaint, LSI has failed to pay any of the outstanding Rent owed to LSCHIL001 under the Oakley Lease.

2. LSI Fails to Meet its Obligations under the Artesian Lease

125. For the first six years of the lease term, LSI paid Rent under the Artesian Lease to LSCHIL002 as successor in interest to LSI LBH.

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126. Unbeknownst to LSCHIL002, LSI ceased operations and removed its personal property from 235 N. Artesian in the Summer or Fall of 2023.

127. LSI stopped paying Rent for 235 N. Artesian in June 2024 and has not paid Rent since.

128. After LSI failed to communicate with LSCHIL002 regarding outstanding Rent payments, attorneys for LSCHIL002 notified LSI on August 6, 2024 that LSI was in default under section 20 of the Artesian Lease. True and correct copies of the August 6, 2024 notice of default and ensuing correspondence between the parties are attached to this Complaint as **Exhibit K.**

129. On October 29, 2024, LSI responded to LSCHIL002's August 6, 2024 notice of default.[11] (Ex. K at 3.) LSI informed LSCHIL002 that it had not occupied the property in approximately one year. (*Id.*) Additionally, LSI represented that it had no money to meet its obligations under the Artesian Lease. (*Id.*) LSI stated it was terminating the Artesian Lease and would surrender the premises. (*Id.*)

130. On December 11, 2024, LSCHIL002 responded to LSI's letter from October 29, 2024. (*Id.* at 5.) LSCHIL002 reminded LSI that it had agreed in the Artesian Lease that it could not terminate the Lease for reasons of insolvency, without cause, or for any other applicable reason. (*Id.*) Rejecting LSI's purported termination of the Artesian Lease and surrender, LSCHIL002 reiterated that LSI was in default for failure to pay outstanding Rent. (*Id.*) LSCHIL002 further "expressly reserve[d] all rights and remedies available to it against Tenant pursuant to the Lease, including but not limited to Article 20 of the Lease; all rights and remedies available to it against

[11] LSI's reference to LSCHIL001 in its October 29 response to LSCHIL002 is a scrivener's error. (*See* Ex. K at 3.) In substance, this letter discusses the Artesian Lease.

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Guarantor pursuant to the Guaranty; and all other rights and remedies available to it against both Tenant and Guarantor at law and in equity." (*Id.* at 6.) LSI did not respond to this correspondence.

131. On January 3, 2025, LSCHIL002 sent a follow-up notice, which this time included a document preservation notice. (*Id.* at 7.) LSI again did not respond.

132. Counsel for LSI received LSCHIL002's notices of default dated August 6, 2024 and December 11, 2024, respectively (together, the "Artesian Notices of Default").

133. On January 28, 2025, counsel for LSCHIL002 notified LSI that it was exercising its right under section 20.7 of the Artesian Lease to require LSI to pay – in addition to the past due Rent LSI already owed – all Rent due through February 28, 2028, the Expiration Date of the Artesian Lease. A true and correct copy of LSCHIL002's Notice of Acceleration letter to LSI is attached to this complaint as **Exhibit L**.

134. LSCHIL002, as successor to LSI LBH, fully performed its own obligations under the Artesian Lease.

135. As of March 1, 2025, LSI owes at least $1,739,862.64 in Rent for 235 N. Artesian, consisting of at least:

(a) $341,090.24 in Base Rent;

(b) $3,410.91 in Management Fees;

(c) $28,532.37 in Common Area Maintenance Fees;

(d) $2,964.20 in insurance cost reimbursements;

(e) $91,500.40 for LSI's proportionate share of property taxes;

(f) $22,498.69 in Late Charges; and

(g) $1,249,865.83, which constitutes the full amount of Rent due to LSI from April 1, 2025 through February 28, 2028, discounted to present value.

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136. LSI owes LSCHIL002 interest on past due Rent at the Default Rate pursuant to section 3.6 of the Artesian Lease.

137. As of the date of this Complaint, LSI has failed to pay any of the outstanding Rent owed to LSCHIL002 under the Artesian Lease.

3. LSI Fails to Meet its Obligations under the Kildare Lease

138. For the first six years of the lease term, LSI paid Rent under the Kildare Lease to LSCHIL003 as successor in interest to LSI LBH.

139. Since 2021, LSI has sublet 4444 S. Kildare to two subtenants (under separate leases): Kinexx Modular Construction and Chicago Ornamental Iron, Inc. As of October 29, 2024, LSI had accumulated $98,949.00 in sub-lease rents.

140. Unbeknownst to LSCHIL003, LSI ceased operations and removed its personal property from 4444 S. Kildare in the Summer or Fall of 2023.

141. LSI stopped paying Rent for 4444 S. Kildare in June 2024 and has not paid Rent since.

142. After LSI failed to communicate with LSCHIL003 regarding outstanding Rent payments, attorneys for LSCHIL003 notified LSI on August 6, 2024 that LSI was in default under section 20 of the Kildare Lease. True and correct copies of the August 6, 2024 notice of default and ensuing correspondence between the parties are attached to this Complaint as **Exhibit M.**

143. On October 29, 2024, LSI responded to LSCHIL003's August 6, 2024 notice of default. (Ex. M at 3.) LSI informed LSCHIL003 that it had not occupied the property in approximately one year. (*Id.*) Additionally, LSI represented that it had no money to meet its obligations under the Kildare Lease. (*Id.*) LSI stated it was terminating the Kildare Lease and would surrender the premises. (*Id.*)

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144. On December 11, 2024, LSCHIL003 responded to LSI's letter from October 29, 2024. (*Id.* at 5.) LSCHIL003 reminded LSI that it had agreed that the Kildare Lease could not be terminated for reasons of insolvency, without cause, or for any other applicable reason. (*Id.)* Rejecting LSI's purported termination of the Kildare Lease and surrender, LSCHIL003 reiterated that LSI was in default for failure to pay outstanding Rent. (*Id.*) LSCHIL003 further "expressly reserve[d] all rights and remedies available to it against Tenant pursuant to the Lease, including but not limited to Article 20 of the Lease; all rights and remedies available to it against Guarantor pursuant to the Guaranty; and all other rights and remedies available to it against both Tenant and Guarantor at law and in equity." (*Id.* at 6.) LSI did not respond to this correspondence.

145. On January 3, 2025, LSCHIL003 sent a follow-up notice, which this time included a document preservation notice. (*Id.* at 7.) LSI again did not respond.

146. Counsel for LSI received LSCHIL003's notices of default dated August 6, 2024 and December 11, 2024, respectively (together, the "Kildare Notices of Default").

147. On January 28, 2025, counsel for LSCHIL003 notified LSI that it was exercising its right under section 20.7 of the Kildare Lease to require LSI to pay – in addition to the past due Rent LSI already owed – all Rent due through February 28, 2028, the Expiration Date of the Kildare Lease. A true and correct copy of LSCHIL003's Notice of Acceleration letter to LSI is attached to this complaint as **Exhibit N**.

148. LSCHIL003, as successor to LSI LBH, fully performed its own obligations under the Kildare Lease.

149. As of August 1, 2025, LSI owes at least $3,067,645.30 in Rent for 4444 S. Kildare, consisting of at least:

(a) $963,979.40 in Base Rent;

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(b) $8,959.05 in Management Fees;

(c) $84,411.00 in Common Area Maintenance Fees;

(d) $5,739.12 in insurance cost reimbursements;

(e) $112,548.00 for LSI's proportionate share of property taxes;

(f) $68,373.47 in Late Charges; and,

(g) $1,823,635.26, which constitutes the full amount of Rent due to LSI from September 1, 2025 through February 28, 2028, discounted to present value.

150. LSI owes LSCHIL003 interest on past due Rent at the Default Rate pursuant to section 3.6 of the Kildare Lease.

151. As of the date of this Complaint, LSI has failed to pay any of the outstanding Rent owed to LSCHIL003 under the Kildare Lease.

F. LSI Receives a Statement of Amounts Owed under the Leases, which it Fails to Dispute.

152. On December 23, 2024, GNL Operating transmitted an invoice to LSI (care of representatives of UPG) via e-mail. The invoice, numbered 070418-42012122024, was issued on December 6, 2024 (the "December 6 Statement"). The December 6 Statement documented Late Charges owed by LSI under the Leases and contained a statement of all amounts owed to each Plaintiff under their respective leases as of December 3, 2024. A true and correct copy of the December 6 Statement is attached to this Complaint as **Exhibit O**.

153. With respect to the Oakley Lease, the December 6 Statement informed LSI that – as of December 3, 2024 – LSI owed $353,322.69 in Rent and Late Charges and $8,335.08 in interest. (Ex. O at 4.).

154. With respect to the Artesian Lease, the December 6 Statement informed LSI that – as of December 3, 2024 – LSI owed $354,330.87 in Rent and Late Charges and $9,982.95 in

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interest. (*Id.* at 3.)

155. With respect to the Kildare Lease, the December 6 Statement informed LSI that – as of December 3, 2024 – LSI owed $631,666.39 in Rent and Late Charges and $43,653.55 in interest. (*Id.* at 3-4.)

156. LSI and UPG received the December 6 Statement.

157. Neither LSI nor UPG disputed the outstanding amounts due under the Leases as detailed in the December 6 Statement.

COUNT I: BREACH OF CONTRACT

(LSCHIL001 v. LSI)

158. LSCHIL001 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

159. As set out in the parties' written Oakley Lease, LSCHIL001 as successor-in-interest to Landlord LSI LBH, agreed to allow LSI to possess and use 315 N. Oakley for an initial period of ten years. In exchange, LSI agreed to pay Landlord Rent as specified in the Oakley Lease.

160. By signing the Oakley Lease, LSI agreed to pay a Late Charge for past due Rent in the amount of the greater of $500 or 5% of the past due payment or rent installment.

161. Section 3.6 of the Oakley Lease also requires LSI to pay interest on past due Rent.

162. Under the terms of the Oakley Lease, the Landlord is entitled to recover its reasonable attorneys' fees and costs by reason of any default, along with fees and costs incurred by Landlord (as the prevailing party) in any adversarial proceeding brought concerning the lease.

163. LSI LBH and LSI entered into the Oakley Lease, a valid and enforceable lease for 315 N. Oakley.

164. LSI LBH validly assigned its interest in the Oakley Lease to LSCHIL001.

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165. LSCHIL001, as successor to LSI LBH, has fulfilled all its obligations under the Oakley Lease.

166. LSI failed to pay Rent for the months of June 2024 through August 2025.

167. LSI's failure to pay continued for more than thirty days after LSCHIL001 served LSI with the Oakley Notices of Default. As such, LSI is in default under the Oakley Lease.

168. Because LSI had more than two monetary defaults in a twelve-month period, LSI is in Chronic Default under section 20.7 of the Oakley Lease.

169. LSI's default constitutes a material breach of its obligations under the Oakley Lease.

170. As a direct and proximate result of LSI's breach, LSCHIL001 has sustained damages in an amount exceeding the jurisdictional amount of this Court.

171. UPG, Hutter, and Douglass may ultimately be held liable for LSI's breach because, upon information and belief, LSI was a mere alter ego for UPG, Hutter, and Douglass, and recognizing LSI as a distinct entity would sanction fraud or promote injustice.

WHEREFORE, LSCHIL001, LLC respectfully requests that this Court:

(i) Enter judgment in favor of Plaintiff LSCHIL001 and against LSI, awarding compensatory damages in an amount to be determined by the Court, including:

(1) The total delinquent amount owed to LSCHIL001 under the Oakley Lease, according to proof but not less than $664,090.63, including outstanding Base Rent, Management Fees, Common Area Maintenance Fees, taxes, insurance reimbursement costs, and Late Charges; and

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(2) Pursuant to section 20.7 of the Oakley Lease, $894,869.20, constituting the present value of the Rent due for the remainder of the lease term, which is to be further discounted by an amount to be determined at trial representing the fair rental value of 315 N. Oakley over the remainder of the lease term; and

(3) Interest accrued on the total amount of delinquent past due Rent owed by LSI pursuant to section 3.6 of the Oakley Lease, at an amount to be proven at trial; and

(4) Any other outstanding Rent; and

(5) Any and all consequential damages, according to proof and as permitted by law;

(ii) Grant to LSCHIL001 its reasonable attorneys' fees and costs pursuant to the parties' agreement;

(iii) Pierce LSI's corporate veil to find that Hutter, Douglass, and UPG were LSI's alter egos and are also liable for damages under this Count; and,

(iv) Grant to LSCHIL001 any and all further relief as the Court may deem just and proper.

COUNT II: BREACH OF CONTRACT

(LSCHIL001 v. LSI)

172. LSCHIL001 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

173. As set out in the Oakley Lease, LSCHIL001 as successor-in-interest to Landlord LSI LBH, agreed to allow LSI to possess and use 315 N. Oakley for an initial period of ten years.

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In exchange, and in addition to its promise to pay Rent, LSI agreed, among other things, to observe and comply with certain rules and regulations as listed in Exhibit C to the Oakley Lease, which included an obligation to exercise reasonable precautions to protect the premises from theft, loss, or damage. In the event of any theft or unauthorized solicitation in the premises, LSI agreed it would notify its Landlord immediately. LSI also agreed to maintain insurance coverage in the event of theft, loss, or damage.

174. Under the terms of the Oakley Lease, the Landlord is entitled to recover its reasonable attorneys' fees and costs by reason of any default, along with fees and costs incurred by Landlord (as the prevailing party) in any adversarial proceeding brought concerning the lease.

175. LSI LBH and LSI entered into the Oakley Lease, a valid and enforceable lease for 315 N. Oakley.

176. LSI LBH validly assigned its interest in the Oakley Lease to LSCHIL001.

177. LSCHIL001, as successor to LSI LBH, has fulfilled all its obligations under the Oakley Lease.

178. For approximately one year, LSI left the premises at 315 N. Oakley vacant. During that time, the property fell into disrepair such that the City of Chicago cited multiple violations of the Chicago Municipal Code for structural defects at 315 N. Oakley. What is more, the property was burglarized and vandalized during this period of time, and LSI failed to exercise reasonable precautions to protect the property. Further, it waited nearly two months after filing a police report to notify LSCHIL001 about the violations to the property that occurred. LSI also failed to maintain insurance coverage against this risk which covered Landlord's losses. LSI is in default under the Lease on these bases.

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179. LSI's defaults constitute material breaches of its obligations under the Oakley Lease.

180. As a direct and proximate result of LSI's breach, LSCHIL001 has sustained damages in an amount exceeding the jurisdictional amount of this Court.

181. UPG, Hutter, and Douglass may be held liable for LSI's breach because, upon information and belief, LSI was a mere alter ego for UPG, Hutter, and Douglass, and recognizing LSI as a distinct entity would sanction fraud or promote injustice.

WHEREFORE, LSCHIL001 respectfully requests that this Court:

(i) Enter judgment in favor of Plaintiff LSCHIL001 and against LSI, awarding compensatory damages in an amount to be determined by the Court, including:

(1) Any costs to LSCHIL001 not covered by LSI's insurance arising out of LSI's failure to maintain the property at 315 N. Oakley in good repair (including but not limited to the cost of remediating any violations of municipal ordinances at 315 N. Oakley, the cost of any associated fines or penalties, and the cost of defending the related lawsuit filed by the City of Chicago) and LSI's failure to protect that property from theft and damage pursuant to sections 6, 10, and Exhibit C of the Oakley Lease;

(2) Any costs to LSCHIL001 arising out of LSI's failure to maintain insurance coverage for the property at 315 N. Oakley pursuant to section 14.2 of the Oakley Lease;

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(3) An amount to be proved at trial representing the loss of market value for 315 N. Oakley on account of LSI's breaches; and

(4) Any and all consequential damages, according to proof and as permitted by law; and

(ii) Grant to LSCHIL001 its reasonable attorneys' fees and costs pursuant to the parties' agreement;

(iii) Pierce LSI's corporate veil to find that Hutter, Douglass, and UPG were LSI's alter egos and are also liable for damages under this Count; and,

(iv) Grant to LSCHIL001 any and all further relief as the Court may deem just and proper.

COUNT III IN THE ALTERNATIVE: UNJUST ENRICHMENT

(LSCHIL001 v. All Defendants)

182. LSCHIL001 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

183. To the extent the Oakley Lease is deemed void, voidable, or otherwise unenforceable, LSCHIL001 raises this Count in the alternative.

184. LSCHIL001 purchased 315 N. Oakley from LSI LBH with the expectation that LSI would pay LSCHIL001 for the continued right to use and possess the property for ten years at a price agreed upon by the parties. To the extent the Oakley Lease is deemed void, voidable, or otherwise unenforceable, this understanding of the parties' agreement was nevertheless affirmed by Hutter and Douglass during the parties' negotiations.

185. LSI LBH voluntarily accepted LSCHIL001's money for the sale of 315 N. Oakley.

186. LSI then remained in possession of 315 N. Oakley and proceeded to make monthly payments to LSCHIL001 for the continued right to use and possess the property.

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187. For years, LSI made monthly payments to LSCHIL001 for its right to use and possess 315 N. Oakley.

188. In June 2024, LSI abruptly stopped making payments to LSCHIL001, but failed to inform LSCHIL001 that it had vacated the property until at least six months later.

189. LSI held a valuable right to possess and use 315 N. Oakley, but failed to pay for that right as agreed. This was to LSCHIL001's detriment as LSCHIL001 could have arranged to lease the property to another party.

190. LSI is merely an alter ego for UPG, Hutter, and Douglass, such that any benefit to LSI necessarily flowed to UPG, Hutter, and Douglass.

191. Allowing Defendants to retain the benefits from LSI's use and possession of 315 N. Oakley at LSCHIL001's expense would violate the fundamental principles of justice, equity, and good conscience.

WHEREFORE, LSCHIL001 respectfully requests that this Court:

(i) Enter judgment in favor of LSCHIL001 and against Defendants, awarding monetary damages in an amount to be determined by the Court, including the value of Defendants' right to possess the property for the months of June 2024 through August 2025, according to proof, but not less than $664,090.63, including taxes paid on the property and monthly usage amounts according to the parties' course of dealing;

(ii) Grant to LSCHIL001 its reasonable attorneys' fees and costs; and,

(iii) Grant to LSCHIL001 any and all further relief as the Court may deem just and proper.

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COUNT IV: BREACH OF CONTRACT

(LSCHIL002 v. LSI)

192. LSCHIL002 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

193. As set out in the parties' written Artesian Lease, LSCHIL002 as successor-in-interest to Landlord LSI LBH, agreed to allow LSI to possess and use 235 N. Artesian for an initial period of ten years. In exchange, LSI agreed to pay Landlord Rent as specified in the Artesian Lease.

194. By signing the Artesian Lease, LSI agreed to pay a Late Charge for past due Rent in the amount of the greater of $500 or 5% of the past due payment or rent installment.

195. Section 3.6 of the Artesian Lease also requires LSI to pay interest on past due Rent.

196. Under the terms of the Artesian Lease, the Landlord is entitled to recover its reasonable attorneys' fees and costs by reason of any default, along with fees and costs incurred by Landlord (as the prevailing party) in any adversarial proceeding brought concerning the lease.

197. LSI LBH and LSI entered into the Artesian Lease, a valid and enforceable lease for 235 N. Artesian.

198. LSI LBH validly assigned its interest in the Artesian Lease to LSCHIL002.

199. LSCHIL002, as successor to LSI LBH, has fulfilled all its obligations under the Artesian Lease.

200. LSI failed to pay Rent for the months of June 2024 through August 2025.

201. LSI's failure to pay continued for more than thirty days after LSCHIL002 served LSI with the Artesian Notices of Default. As such, LSI is in default under the Artesian Lease.

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202. Because LSI had more than two monetary defaults in a twelve-month period, LSI is in Chronic Default under section 20.7 of the Artesian Lease.

203. LSI's default constitutes a material breach of its obligations under the Artesian Lease.

204. As a direct and proximate result of LSI's breach, LSCHIL002 has sustained damages in an amount exceeding the jurisdictional amount of this Court.

205. UPG, Hutter, and Douglass may be held liable for LSI's breach because, upon information and belief, LSI was a mere alter ego for UPG, Hutter, and Douglass, and recognizing LSI as a distinct entity would sanction fraud or promote injustice.

WHEREFORE, LSCHIL002 respectfully requests that this Court:

(i) Enter judgment in favor of Plaintiff LSCHIL002 and against LSI, awarding compensatory damages in an amount to be determined by the Court, including:

(1) The total delinquent amount owed to LSCHIL002 under the Artesian Lease, according to proof but not less than $489,996.81, including outstanding Base Rent, Management Fees, Common Area Maintenance Fees, taxes, insurance reimbursement costs, and Late Charges; and

(2) Pursuant to section 20.7 of the Artesian Lease, $1,249,865.83, constituting the present value of the Rent due for the remainder of the lease term, which is to be further discounted by an amount to be determined at trial representing the fair rental value of 235 N. Artesian over the remainder of the lease term; and

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(3) Interest accrued on the total amount of delinquent past due Rent owed by LSI pursuant to section 3.6 of the Artesian Lease at an amount to be proven at trial; and

(4) Any other outstanding Rent; and

(5) Any and all consequential damages, according to proof and as permitted by law;

(ii) Grant to LSCHIL002 its reasonable attorneys' fees and costs pursuant to the parties' agreement;

(iii) Pierce LSI's corporate veil to find that Hutter, Douglass, and UPG were LSI's alter egos and are also liable for damages under this Count; and,

(iv) Grant to LSCHIL002 any and all further relief as the Court may deem just and proper.

COUNT V IN THE ALTERNATIVE: UNJUST ENRICHMENT

(LSCHIL002 v. All Defendants)

206. LSCHIL002 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

207. To the extent the Artesian Lease is deemed void, voidable, or otherwise unenforceable, LSCHIL002 raises this Count in the alternative.

208. LSCHIL002 purchased 235 N. Artesian from LSI LBH with the expectation that LSI would pay LSCHIL002 for the continued right to use and possess the property for ten years at a price agreed upon by the parties. To the extent the Artesian Lease is deemed void, voidable, or otherwise unenforceable, this understanding of the parties' agreement was nevertheless affirmed by Hutter and Douglass during the parties' negotiations.

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209. LSI LBH voluntarily accepted LSCHIL002's money for the sale of 235 N. Artesian.

210. LSI then remained in possession of 235 N. Artesian and proceeded to make monthly payments to LSCHIL002 for the continued right to use and possess the property.

211. For years, LSI made monthly payments to LSCHIL002 for its right to use and possess 235 N. Artesian.

212. In June 2024, LSI abruptly stopped making payments to LSCHIL002, but failed to inform LSCHIL002 that it had vacated the property until at least six months later.

213. LSI held a valuable right to possess and use 235 N. Artesian, but failed to pay for that right as agreed. This was to LSCHIL002's detriment as LSCHIL002 could have arranged to lease the property to another party.

214. LSI is merely an alter ego for UPG, Hutter, and Douglass, such that any benefit to LSI necessarily flowed to UPG, Hutter, and Douglass.

215. Allowing Defendants to retain the benefits from LSI's use and possession of 235 N. Artesian at LSCHIL002's expense would violate the fundamental principles of justice, equity, and good conscience.

WHEREFORE, LSCHIL002 respectfully requests that this Court:

(i) Enter judgment in favor of LSCHIL002 and against Defendants, awarding monetary damages in an amount to be determined by the Court, including: the value of Defendants' right to possess the property for the months of June 2024 through August 2025, according to proof, but not less than $489,996.81, including taxes paid on the property and monthly usage amounts according to the parties' course of dealing;

(ii) Grant to LSCHIL002 its reasonable attorneys' fees and costs; and,

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(iii) Grant to LSCHIL002 any and all further relief as the Court may deem just and proper.

COUNT VI: BREACH OF CONTRACT

(LSCHIL003 v. LSI)

216. LSCHIL003 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

217. As set out in the parties' written Kildare Lease, LSCHIL003 as successor-in-interest to Landlord LSI LBH, agreed to allow LSI to possess and use 4444 S. Kildare for an initial period of ten years. In exchange, LSI agreed to pay Landlord Rent as specified in the Kildare Lease.

218. By signing the Kildare Lease, LSI agreed to pay a Late Charge for past due Rent in the amount of the greater of $500 or 5% of the past due payment or rent installment.

219. Section 3.6 of the Kildare Lease also requires LSI to pay interest on past due Rent.

220. Under the terms of the Kildare Lease, the Landlord is entitled to recover its reasonable attorneys' fees and costs by reason of any default, along with fees and costs incurred by Landlord (as the prevailing party) in any adversarial proceeding brought concerning the lease.

221. LSI LBH and LSI entered into the Kildare Lease, a valid and enforceable lease for 4444 S. Kildare.

222. LSI LBH validly assigned its interest in the Kildare Lease to LSCHIL003.

223. LSCHIL003, as successor to LSI LBH, has fulfilled all its obligations under the Kildare Lease.

224. LSI failed to pay Rent for the months of June 2024 through August 2025.

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225. LSI's failure to pay continued for more than thirty days after LSCHIL003 served LSI with the Kildare Notices of Default. As such, LSI is in default under the Kildare Lease.

226. Because LSI had more than two monetary defaults in a twelve-month period, LSI is in Chronic Default under section 20.7 of the Kildare Lease.

227. LSI's default constitutes a material breach of its obligations under the Kildare Lease.

228. As a direct and proximate result of LSI's breach, LSCHIL003 has sustained damages in an amount exceeding the jurisdictional amount of this Court.

229. UPG, Hutter, and Douglass may be held liable for LSI's breach because, upon information and belief, LSI was a mere alter ego for UPG, Hutter, and Douglass, and recognizing LSI as a distinct entity would sanction fraud or promote injustice.

WHEREFORE, LSCHIL003 respectfully requests that this Court:

(i) Enter judgment in favor of Plaintiff LSCHIL003 and against LSI, awarding compensatory damages in an amount to be determined by the Court, including:

(1) The total delinquent amount owed to LSCHIL003 under the Kildare Lease, according to proof but not less than $1,244,010.04, including outstanding Base Rent, Management Fees, Common Area Maintenance Fees, taxes, insurance reimbursement costs, and Late Charges; and

(2) Pursuant to section 20.7 of the Kildare Lease, $1,823,635.26, constituting the present value of the Rent due for the remainder of the lease term, which is to be further discounted by an amount to

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be determined at trial representing the fair rental value of 4444 S. Kildare over the remainder of the lease term; and

(3) Interest accrued on the total amount of delinquent past due Rent owed by LSI pursuant to section 3.6 of the Kildare Lease at an amount to be proven at trial; and

(4) Any other outstanding Rent; and

(5) Any and all consequential damages, according to proof and as permitted by law;

(ii) Grant to LSCHIL003 its reasonable attorneys' fees and costs pursuant to the parties' agreement;

(iii) Pierce LSI's corporate veil to find that Hutter, Douglass, and UPG were LSI's alter egos and are also liable for damages under this Count; and,

(iv) Grant to LSCHIL003 any and all further relief as the Court may deem just and proper.

COUNT VII: BREACH OF CONTRACT

(LSCHIL003 v. LSI)

230. LSCHIL003 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

231. Pursuant to section 18.6 of the Kildare Lease, LSI agreed that it would absolutely assign to Landlord its right, title, and interest in all revenues from any subleases on any portion of the property.

232. So long as no default occurred, the parties agreed that LSI should have a license to collect all sublease revenues. LSI was given discretion under section 18.6 of the Kildare Lease as

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to how to collect rents from its subtenants and how to deliver such revenues to the Landlord.

233. LSI LBH and LSI entered into a valid and enforceable lease for 4444 S. Kildare.

234. LSI LBH validly assigned its interest in the Kildare Lease to LSCHIL003.

235. LSCHIL003, as successor to LSI LBH, has fulfilled all its obligations under the Kildare Lease.

236. LSCHIL003 reasonably expected that it would receive the full amount of sublease rents LSI collected to the extent that amount was not in excess of the Rent LSI owed under the Lease. Further, LSI was required to collect sublease rents consistent with this expectation.

237. After being notified that it was in default of its obligations to pay Rent under the Kildare Lease, LSI represented that it was in possession of $98,949.00 in accumulated sublease rents as of October 29, 2024. (Ex. M at 3.)

238. LSCHIL003 subsequently demanded, pursuant to section 18.6 of the Kildare Lease, that LSI deliver to it the sublease rents. Nevertheless, LSI has not delivered any portion of the $98,949.00 or any additional amount it received in sublease rents to LSCHIL003 as it is obligated to do. LSCHIL003 has sole right, title, and interest in these funds.

239. LSI failed to observe or perform its covenants and obligations under section 18.6 of the Kildare Lease and its failure to do so has continued for more than thirty days. As such, LSI is in default under the Kildare Lease.

240. LSI's default constitutes a material breach of its obligations under the Kildare Lease.

241. Because LSI had more than two monetary defaults in a twelve-month period, LSI is in Chronic Default under section 20.7 of the Kildare Lease.

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242. As a direct and proximate result of LSI's breach, LSCHIL003 has sustained damages in an amount exceeding the jurisdictional amount of this Court.

243. UPG, Hutter, and Douglass may be held liable for LSI's breach because, upon information and belief, LSI was a mere alter ego for UPG, Hutter, and Douglass, and recognizing LSI as a distinct entity would sanction fraud or promote injustice.

WHEREFORE, LSCHIL003 respectfully requests that this Court:

(i) Enter judgment in favor of Plaintiff LSCHIL003 and against LSI, awarding compensatory damages in an amount to be determined by the Court, including:

(1) The total amount of sublease rents for 4444 S. Kildare withheld by LSI, according to proof but not less than $98,949.00; and

(2) Pursuant to section 20.7 of the Kildare Lease, $1,823,635.26, constituting the present value of the Rent due for the remainder of the lease term, which is to be further discounted by an amount to be determined at trial representing the fair rental value of 4444 S. Kildare over the remainder of the lease term; and

(3) Interest accrued on the total amount of sublease rent withheld by LSI pursuant to section 3.6 of the Kildare Lease at an amount to be proven at trial; and

(4) Any and all consequential damages, according to proof and as permitted by law;

(ii) Grant to LSCHIL003 its reasonable attorneys' fees and costs pursuant to the parties' agreement;

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(iii) Pierce LSI's corporate veil to find that Hutter, Douglass, and UPG were LSI's alter egos and are also liable for damages under this Count; and,

(iv) Grant to LSCHIL003 any and all further relief as the Court may deem just and proper.

COUNT VIII IN THE ALTERNATIVE: UNJUST ENRICHMENT

(LSCHIL003 v. All Defendants)

244. LSCHIL003 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

245. To the extent the Kildare Lease is deemed void, voidable, or otherwise unenforceable, LSCHIL003 raises this Count in the alternative.

246. LSCHIL003 purchased 4444 S. Kildare from LSI LBH with the expectation that LSI would pay LSCHIL003 for the continued right to use and possess the property for ten years at a price agreed upon by the parties. To the extent the Kildare Lease is deemed void, voidable, or otherwise unenforceable, this understanding of the parties' agreement was nevertheless affirmed by Hutter and Douglass during the parties' negotiations.

247. LSI LBH voluntarily accepted LSCHIL003's money for the sale of 4444 S. Kildare.

248. LSI then remained in possession of 4444 S. Kildare and proceeded to make monthly payments to LSCHIL003 for the continued right to use and possess the property.

249. For years, LSI made monthly payments to LSCHIL003 for its right to use and possess 4444 S. Kildare.

250. In June 2024, LSI abruptly stopped making payments to LSCHIL003, but failed to inform LSCHIL003 that it had vacated the property until at least six months later.

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251. LSI held a valuable right to possess and use 4444 S. Kildare, but failed to pay for that right as agreed. This was to LSCHIL003's detriment as LSCHIL003 could have arranged to lease the property to another party.

252. LSI is merely an alter ego for UPG, Hutter, and Douglass, such that any benefit to LSI necessarily flowed to UPG, Hutter, and Douglass.

253. Allowing Defendants to retain the benefits from LSI's use and possession of 4444 S. Kildare at LSCHIL003's expense would violate the fundamental principles of justice, equity, and good conscience.

WHEREFORE, LSCHIL003 respectfully requests that this Court:

(i) Enter judgment in favor of LSCHIL003 and against Defendants, awarding monetary damages in an amount to be determined by the Court, including: the value of Defendants' right to possess the property for the months of June 2024 through August 2025, according to proof, but not less than $1,244,010.04, including taxes paid on the property and monthly usage amounts according to the parties' course of dealing; and

(ii) Grant to LSCHIL003 its reasonable attorneys' fees and costs; and,

(iii) Grant to LSCHIL003 any and all further relief as the Court may deem just and proper.

COUNT IX: FRAUDULENT MISREPRESENTATION

(LSCHIL001 v. All Defendants)

254. LSCHIL001 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

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255. The Purchase Agreement underlying the parties' Sale and Leaseback Transactions was based on two very fundamental premises: (a) that, as LSI LBH represented, LSI LBH actually owned the Properties that Plaintiffs were interested in purchasing, and (b) that, as LSI LBH represented, the Leases on the Properties to be assigned to Plaintiffs were actually effective and in force at the time the Purchase Agreement was made. (Ex. E ¶ 1, § 11(f).)

256. Neither of these basic premises was true. Defendants knew that LSI LBH did not own the Properties and that the Leases had not commenced at the time it entered into the Purchase Agreement on February 14, 2018.

257. In addition, Defendants also led Plaintiffs to believe that their risk in entering into the Sale and Leaseback Transactions was mitigated because UPG would be a well-capitalized conglomerate, with UPG providing financial and operational backing for each of the entities it acquired, that the various entities would be cross-collateralized, and that the greater Plaintiffs' investment into UPG and its entities, the more secure it would be.

258. These representations were also untrue. In fact, Defendants knew that UPG treats its entities as shell companies without any independent existence, but which are each undercapitalized, separately siloed for asset-protection purposes, and not cross-collateralized. By increasing the size of their investment in UPG, AR Global and Plaintiffs did in fact benefit UPG, but unknowingly harmed themselves.

259. Defendants further represented that LSI LBH would assign the Oakley Lease to LSCHIL001, and that LSI would pay Rent under the lease for the entire lease term of ten years.

260. This representation was also false. Defendants knew that LSI would not be able to perform all of its obligations under the Oakley Lease. Instead, Defendants planned to liquidate LSI's assets and leave nothing of LSI but its corporate form, in an attempt to shield Defendants

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from liability to LSI's creditors. Upon information and belief, this tactic was part of a greater scheme perpetrated by Hutter and Douglass to squeeze as much cash from acquired companies as possible to the detriment of those companies and those companies' creditors.

261. Defendants even provided a Guaranty from UPX Corp. to assure LSCHIL001 that LSCHIL001's interest would be safeguarded while UPG was in the process of acquiring Lamination Corp. Yet the Guaranty was a sham because Defendants knew that they would render it meaningless mere days after it was signed by merging the Guarantor into the Tenant. Defendants never intended the Guaranty to be of any value other than in inducing LSCHIL001 to enter into the transaction to purchase 315 N. Oakley. Indeed, unbeknownst to Plaintiffs, more than a month before the Sale and Leaseback Transactions closed, Defendants had already signed sworn documents for submission to the Illinois Secretary of State expressing their intent to merge UPX Corp. into LSI.

262. LSCHIL001 agreed to purchase 315 N. Oakley from LSI LBH and to lease it back to LSI. In doing so, LSCHIL001 justifiably relied on Defendants' collective promises and misrepresentations.

263. As a direct consequence of Defendants' false promises, LSCHIL001 has suffered money damages in the amount of the purchase price of 315 N. Oakley, lost monthly rental value of 315 N. Oakley, and property damage stemming from, among other things, violations of municipal ordinances, burglary, and vandalism at 315 N. Oakley that occurred in the Fall of 2024, among other damages.

WHEREFORE, LSCHIL001 respectfully requests that this Court:

(i) Enter judgment in favor of LSCHIL001 and against UPG, Hutter, and Douglass, awarding monetary damages in an amount to be determined by the Court, including:

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(1) the purchase price of 315 N. Oakley and lost rental value of 315 N. Oakley from June 2024 through August 2025; and

(2) Reimbursement for the cost of remediating any violations of municipal ordinances at 315 N. Oakley, and for the cost of any associated fines or penalties, and for the cost of defending the related lawsuit filed by the City of Chicago; and

(3) Reimbursement for damage caused to 315 N. Oakley caused by burglary and/or vandalism as a result of LSI's failure to keep the property secure; and

(4) The present value of the Rent due for the remainder of the lease term, to be discounted further at an amount to be proved at trial by the fair rental value of 315 N. Oakley over the remainder of the lease term; and

(5) Any remaining actual costs suffered by LSCHIL001 proximately caused by its reliance on Defendants' fraudulent misrepresentations;

(ii) Award punitive damages in an amount to be determined by the Court;

(iii) Grant to LSCHIL001 its reasonable attorneys' fees and costs; and

(iv) Grant to LSCHIL001 any and all further relief as the Court may deem just and proper.

COUNT X: FRAUDULENT TRANSFER (740 ILCS 160/5(a)(1))

(LSCHIL001 v. All Defendants)

264. LSCHIL001 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

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265. In a typical sale and leaseback transaction, the purchaser buys the seller's real property and agrees to lease that property back to the seller after the sale. Generally speaking, the principal purpose of a sale and leaseback transaction is to provide a capital infusion to the seller, while allowing the buyer an opportunity to invest in the asset and the future rents it generates.

266. LSCHIL001 was led by Defendants to believe that the crux of the Sale and Leaseback Transaction was that LSCHIL001 would be purchasing 315 N. Oakley and leasing it back to LSI, an operating company. While it was purchasing the property from LSI LBH, Defendants led LSCHIL001 to believe that LSI LBH would be folded into LSI once UPG completed its acquisition of UPX Corp.

267. In fact, LSI LBH never would be affiliated with LSI at all. Defendants purposefully structured the Sale and Leaseback Transaction with actual intent for LSI to hinder, delay and defraud LSCHIL001 so that the capital infusion meant for LSI actually went directly to Defendants through LSI LBH. LSI LBH, upon information and belief, is controlled and dominated by Defendants, such that LSI LBH is nothing more than alter ego of Defendants.

268. It was Defendants' design that LSCHIL001 be made to believe that it was leasing 315 N. Oakley back to a company that would be in a position to pay Rent under the Oakley Lease. Defendants knew that LSCHIL001 would not enter into the transaction if it knew that Defendants had no interest in keeping LSI as a solvent company for the duration of the lease term.

269. Moreover, LSI generated income from its operations since the Sale and Leaseback Transaction. However, Defendants caused LSI to transfer such income and other property to themselves or UPG's other affiliates, leaving LSI insolvent. Defendants caused LSI to act with actual intent to hinder, delay, or defraud LSCHIL001 so that it would be unable to pay Rent and any other debts as they became due.

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WHEREFORE, LSCHIL001 respectfully requests that this Court:

(i) Enter judgment in favor of LSCHIL001 and against UPG, Hutter, and Douglass, avoiding the transfers described in this Count to the extent necessary to satisfy LSCHIL001's claim, according to proof;

(ii) Order an attachment in LSCHIL001's favor and against the transferred assets described in this Count or any other property of Defendants;

(iii) Require Defendants to disgorge to LSCHIL001 any and all proceeds and profits stemming from the fraudulent transfers described in this Count;

(iv) Award punitive damages in an amount to be determined by the Court;

(v) Grant to LSCHIL001 its reasonable attorneys' fees and costs; and

(vi) Grant to LSCHIL001 any and all further relief as the Court may deem just and proper.

COUNT XI: FRAUDULENT TRANSFER (740 ILCS 160/5(a)(2))

(LSCHIL001 v. UPG, Hutter, and Douglass)

270. LSCHIL001 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

271. UPG, Hutter, and Douglass ("Defendants" for the purposes of this Count) caused LSI LBH to transfer the proceeds from the Sale and Leaseback Transaction to themselves or UPG's affiliates rather than LSI. In exchange for LSI's role in the Sale and Leaseback Transaction, Defendants did not provide reasonably equivalent value to LSI.

272. Because LSI did not receive reasonably equivalent value for its role in the Sale and Leaseback Transaction, in entering into and performing under the Oakley Lease, LSI was engaged in business and transactions for which its remaining assets were unreasonably small.

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273. Because LSI did not receive reasonably equivalent value for its role in the Sale and Leaseback Transaction, LSI, acting through Defendants, believed or reasonably should have believed that it could not sustainably make payments pursuant to the Oakley Lease and that it would not be able to pay other debts incurred as they became due.

274. LSI generated income from its operations since the Sale and Leaseback Transaction. However, Defendants caused LSI to transfer such income and other property to themselves or UPG's other affiliates without LSI receiving reasonably equivalent value in exchange for such transfers.

275. LSI, acting through Defendants, believed or reasonably should have believed that it would be unable to make payments pursuant to the Oakley Lease and that it would not be able to pay any other debts incurred as they became due if it transferred the income and property generated from its operations to Defendants.

276. By making transfers of its income and other property generated from its operations to Defendants, LSI was forced to engage in business and transactions for which its remaining assets were unreasonably small in relation to its ongoing obligations, including its obligations to pay Rent under the Oakley Lease.

WHEREFORE, LSCHIL001 respectfully requests that this Court:

(i) Enter judgment in favor of LSCHIL001 and against UPG, Hutter, and Douglass, avoiding the transfers described in this Count to the extent necessary to satisfy LSCHIL001's claim, according to proof;

(ii) Order an attachment in LSCHIL001's favor and against the transferred assets described in this Count or any other property of Defendants;

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(iii) Require Defendants to disgorge to LSCHIL001 any and all proceeds and profits stemming from the fraudulent transfers described in this Count;

(iv) Award punitive damages in an amount to be determined by the Court;

(v) Grant to LSCHIL001 its reasonable attorneys' fees and costs; and

(vi) Grant to LSCHIL001 any and all further relief as the Court may deem just and proper.

COUNT XII: FRAUDULENT MISREPRESENTATION

(LSCHIL002 v. All Defendants)

277. LSCHIL002 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

278. The Purchase Agreement underlying the parties' Sale and Leaseback Transactions was based on two very fundamental premises: (a) that, as LSI LBH represented, LSI LBH actually owned the Properties that Plaintiffs were interested in purchasing, and (b) that, as LSI LBH represented, the Leases on the Properties to be assigned to Plaintiffs were actually effective and in force at the time the Purchase Agreement was made. (Ex. E ¶ A, § 11(f).)

279. Neither of these basic premises was true. Defendants knew that LSI LBH did not own the Properties and that the Leases had not commenced at the time it entered into the Purchase Agreement on February 14, 2018.

280. In addition, Defendants also led Plaintiffs to believe that their risk in entering into the Sale and Leaseback Transactions was mitigated because UPG would be a well-capitalized conglomerate, with UPG providing financial and operational backing for each of the entities it acquired, that the various entities would be cross-collateralized, and that the greater Plaintiffs' investment into UPG and its entities, the more secure it would be.

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281. These representations were also untrue. In fact, Defendants knew that UPG treats its entities as shell companies without any independent existence, but which are each undercapitalized, separately siloed for asset-protection purposes, and not cross-collateralized. By increasing the size of their investment in UPG, AR Global and Plaintiffs did in fact benefit UPG, but unknowingly harmed themselves.

282. Defendants further represented that LSI LBH would assign the Artesian Lease to LSCHIL002, and that LSI would pay Rent under the lease for the entire lease term of ten years.

283. This representation was also false. Defendants knew that LSI would not be able to perform all of its obligations under the Artesian Lease. Instead, Defendants planned to liquidate LSI's assets and leave nothing of LSI but its corporate form, in an attempt to shield Defendants from liability to LSI's creditors. Upon information and belief, this tactic was part of a greater scheme perpetrated by Hutter and Douglass to squeeze as much cash from acquired companies as possible to the detriment of those companies and those companies' creditors.

284. Defendants even provided a Guaranty from UPX Corp. to assure LSCHIL002 that LSCHIL002's interest would be safeguarded while UPG was in the process of acquiring Lamination Corp. Yet the Guaranty was a sham, because Defendants knew that they would render it meaningless mere days after it was signed by merging the Guarantor into the Tenant. Defendants never intended the Guaranty to be of any value other than in inducing LSCHIL002 to enter into the transaction to purchase 235 N. Artesian. Indeed, unbeknownst to Plaintiffs, more than a month before the Sale and Leaseback Transactions closed, Defendants had already signed sworn documents for submission to the Illinois Secretary of State expressing their intent to merge UPX Corp. into LSI.

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285. LSCHIL002 agreed to purchase 235 N. Artesian from LSI LBH and to lease it back to LSI. In doing so, LSCHIL002 justifiably relied on Defendants' collective promises and misrepresentations.

286. As a direct consequence of Defendants' false promises, LSCHIL002 has suffered money damages in the amount of the purchase price of 235 N. Artesian and lost monthly rental value of 235 N. Artesian, among other damages.

WHEREFORE, LSCHIL002 respectfully requests that this Court:

(i) Enter judgment in favor of LSCHIL002 and against UPG, Hutter, and Douglass, awarding monetary damages in an amount to be determined by the Court, including:

(1) the purchase price of 235 N. Artesian and lost rental value of 235 N. Artesian from June 2024 through August 2025; and

(2) The present value of the Rent due for the remainder of the lease term, to be discounted further at an amount to be proved at trial by the fair rental value of 235 N. Artesian over the remainder of the lease term; and

(3) Any remaining actual costs suffered by LSCHIL002 proximately caused by its reliance on Defendants' fraudulent misrepresentations;

(ii) Award punitive damages in an amount to be determined by the Court;

(iii) Grant to LSCHIL002 its reasonable attorneys' fees and costs; and

(iv) Grant to LSCHIL002 any and all further relief as the Court may deem just and proper.

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COUNT XIII: FRAUDULENT TRANSFER (740 ILCS 160/5(a)(1))

(LSCHIL002 v. All Defendants)

287. LSCHIL002 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

288. LSCHIL002 was led by Defendants to believe that the crux of the Sale and Leaseback Transaction was that LSCHIL002 would be purchasing 235 N. Artesian and leasing it back to LSI, an operating company. While it was purchasing the property from LSI LBH, Defendants led LSCHIL002 to believe that LSI LBH would be folded into LSI once UPG completed its acquisition of UPX Corp.

289. In fact, LSI LBH never would be affiliated with LSI at all. Defendants purposefully structured the Sale and Leaseback Transaction with actual intent for LSI to hinder, delay and defraud LSCHIL002 so that the capital infusion meant for LSI actually went directly to Defendants through LSI LBH. LSI LBH, upon information and belief, is controlled and dominated by Defendants, such that LSI LBH is nothing more than alter ego of Defendants.

290. It was Defendants' design that LSCHIL002 be made to believe that it was leasing 235 N. Artesian back to a company that would be in a position to pay Rent under the Artesian Lease. Defendants knew that LSCHIL002 would not enter into the transaction if it knew that Defendants had no interest in keeping LSI as a solvent company for the duration of the lease term.

291. Moreover, LSI generated income from its operations since the Sale and Leaseback Transaction. However, Defendants caused LSI to transfer such income and other property to themselves or UPG's other affiliates, leaving LSI insolvent. Defendants caused LSI to act with actual intent to hinder, delay, or defraud LSCHIL002 so that it would be unable to pay Rent and any other debts as they became due.

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WHEREFORE, LSCHIL002 respectfully requests that this Court:

(i) Enter judgment in favor of LSCHIL002 and against UPG, Hutter, and Douglass, avoiding the transfers described in this Count to the extent necessary to satisfy LSCHIL002's claim, according to proof;

(ii) Order an attachment in LSCHIL002's favor and against the transferred assets described in this Count or any other property of Defendants;

(iii) Require Defendants to disgorge to LSCHIL002 any and all proceeds and profits stemming from the fraudulent transfers described in this Count;

(iv) Award punitive damages in an amount to be determined by the Court;

(v) Grant to LSCHIL002 its reasonable attorneys' fees and costs; and

(vi) Grant to LSCHIL002 any and all further relief as the Court may deem just and proper.

COUNT XIV: FRAUDULENT TRANSFER (740 ILCS 160/5(a)(2))

(LSCHIL002 v. UPG, Hutter, and Douglass)

292. LSCHIL002 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

293. UPG, Hutter, and Douglass ("Defendants" for the purposes of this Count) caused LSI LBH to transfer the proceeds from the Sale and Leaseback Transaction to themselves or UPG's affiliates rather than LSI. In exchange for LSI's role in the Sale and Leaseback Transaction, Defendants did not provide reasonably equivalent value to LSI.

294. Because LSI did not receive reasonably equivalent value for its role in the Sale and Leaseback Transaction, in entering into and performing under the Artesian Lease, LSI was engaged in business and transactions for which its remaining assets were unreasonably small.

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295. Because LSI did not receive reasonably equivalent value for its role in the Sale and Leaseback Transaction, LSI, acting through Defendants, believed or reasonably should have believed that it could not sustainably make payments pursuant to the Artesian Lease and that it would not be able to pay other debts incurred as they became due.

296. LSI generated income from its operations since the Sale and Leaseback Transaction. However, Defendants caused LSI to transfer such income and other property to themselves or UPG's other affiliates without LSI receiving reasonably equivalent value in exchange for such transfers.

297. LSI, acting through Defendants, believed or reasonably should have believed that it would be unable to make payments pursuant to the Artesian Lease and that it would not be able to pay any other debts incurred as they became due if it transferred the income and property generated from its operations to Defendants.

298. By making transfers of its income and other property generated from its operations to Defendants, LSI was forced to engage in business and transactions for which its remaining assets were unreasonably small in relation to its ongoing obligations, including its obligations to pay Rent under the Artesian Lease.

WHEREFORE, LSCHIL002 respectfully requests that this Court:

(i) Enter judgment in favor of LSCHIL002 and against UPG, Hutter, and Douglass, avoiding the transfers described in this Count to the extent necessary to satisfy LSCHIL002's claim, according to proof;

(ii) Order an attachment in LSCHIL002's favor and against the transferred assets described in this Count or any other property of Defendants;

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(iii) Require Defendants to disgorge to LSCHIL002 any and all proceeds and profits stemming from the fraudulent transfers described in this Count;

(iv) Award punitive damages in an amount to be determined by the Court;

(v) Grant to LSCHIL002 its reasonable attorneys' fees and costs; and

(vi) Grant to LSCHIL002 any and all further relief as the Court may deem just and proper.

COUNT XV: FRAUDULENT MISREPRESENTATION

(LSCHIL003 v. All Defendants)

299. LSCHIL003 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

300. The Purchase Agreement underlying the parties' Sale and Leaseback Transactions was based on two very fundamental premises: (a) that, as LSI LBH represented, LSI LBH actually owned the Properties that Plaintiffs were interested in purchasing, and (b) that, as LSI LBH represented, the Leases on the Properties to be assigned to Plaintiffs were actually effective and in force at the time the Purchase Agreement was made. (Ex. E ¶ A, § 11(f).)

301. Neither of these basic premises was true. Defendants knew that LSI LBH did not own the Properties and that the Leases had not commenced at the time it entered into the Purchase Agreement on February 14, 2018.

302. In addition, Defendants also led Plaintiffs to believe that their risk in entering into the Sale and Leaseback Transactions was mitigated because UPG would be a well-capitalized conglomerate, with UPG providing financial and operational backing for each of the entities it acquired, that the various entities would be cross-collateralized, and that the greater Plaintiffs' investment into UPG and its entities, the more secure it would be.

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303. These representations were also untrue. In fact, Defendants knew that UPG treats its entities as shell companies without any independent existence, but which are each undercapitalized, separately siloed for asset-protection purposes, and not cross-collateralized. By increasing the size of their investment in UPG, AR Global and Plaintiffs did in fact benefit UPG, but unknowingly harmed themselves.

304. Defendants further represented that LSI LBH would assign the Kildare Lease to LSCHIL003, and that LSI would pay Rent under the lease for the entire lease term of ten years.

305. This representation was also false. Defendants knew that LSI would not be able to perform all of its obligations under the Kildare Lease. Instead, Defendants planned to liquidate LSI's assets and leave nothing of LSI but its corporate form, in an attempt to shield Defendants from liability to LSI's creditors. Upon information and belief, this tactic was part of a greater scheme perpetrated by Hutter and Douglass to squeeze as much cash from acquired companies as possible to the detriment of those companies and those companies' creditors.

306. Defendants even provided a Guaranty from UPX Corp. to assure LSCHIL003 that LSCHIL003's interest would be safeguarded while UPG was in the process of acquiring Lamination Corp. Yet the Guaranty was a sham, because Defendants knew that they would render it meaningless mere days after it was signed by merging the Guarantor into the Tenant. Defendants never intended the Guaranty to be of any value other than in inducing LSCHIL003 to enter into the transaction to purchase 4444 S. Kildare. Indeed, unbeknownst to Plaintiffs, more than a month before the Sale and Leaseback Transactions closed, Defendants had already signed sworn documents for submission to the Illinois Secretary of State expressing their intent to merge UPX Corp. into LSI.

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307. LSCHIL003 agreed to purchase 4444 S. Kildare from LSI LBH and to lease it back to LSI. In doing so, LSCHIL003 justifiably relied on Defendant's collective promises and misrepresentations.

308. As a direct consequence of Defendants' false promises, LSCHIL003 has suffered money damages in the amount of the purchase price of 4444 S. Kildare and lost monthly rental value of 4444 S. Kildare, among other damages.

WHEREFORE, LSCHIL003 respectfully requests that this Court:

(i) Enter judgment in favor of LSCHIL003 and against UPG, Hutter, and Douglass, awarding monetary damages in an amount to be determined by the Court, including:

(1) the purchase price of 4444 S. Kildare and lost rental value of 4444 S. Kildare from June 2024 through August 2025; and

(2) The present value of the Rent due for the remainder of the lease term, to be discounted further at an amount to be proved at trial by the fair rental value of 4444 S. Kildare over the remainder of the lease term; and

(3) Any remaining actual costs suffered by LSCHIL003 proximately caused by its reliance on Defendant's fraudulent misrepresentations;

(ii) Award punitive damages in an amount to be determined by the Court;

(iii) Grant to LSCHIL003 its reasonable attorneys' fees and costs; and

(iv) Grant to LSCHIL003 any and all further relief as the Court may deem just and proper.

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COUNT XVI: FRAUDULENT TRANSFER (740 ILCS 160/5(a)(1))

(LSCHIL003 v. All Defendants)

309. LSCHIL003 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

310. LSCHIL003 was led by Defendants to believe that the crux of the Sale and Leaseback Transaction was that LSCHIL003 would be purchasing 4444 S. Kildare and leasing it back to LSI, an operating company. While it was purchasing the property from LSI LBH, Defendants led LSCHIL003 to believe that LSI LBH would be folded into LSI once UPG completed its acquisition of UPX Corp.

311. In fact, LSI LBH never would be affiliated with LSI at all. Defendants purposefully structured the Sale and Leaseback Transaction with actual intent for LSI to hinder, delay and defraud LSCHIL003 so that the capital infusion meant for LSI actually went directly to Defendants through LSI LBH. LSI LBH, upon information and belief, is controlled and dominated by Defendants, such that LSI LBH is nothing more than alter ego of Defendants.

312. It was Defendants' design that LSCHIL003 be made to believe that it was leasing 4444 S. Kildare back to a company that would be in a position to pay Rent under the Kildare Lease. Defendants knew that LSCHIL003 would not enter into the transaction if it knew that Defendants had no interest in keeping LSI as a solvent company for the duration of the lease term.

313. Moreover, LSI generated income from its operations since the Sale and Leaseback Transaction. However, Defendants caused LSI to transfer such income and other property to themselves or UPG's other affiliates, leaving LSI insolvent. Defendants caused LSI to act with actual intent to hinder, delay, or defraud LSCHIL003 so that it would be unable to pay Rent and any other debts as they became due.

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WHEREFORE, LSCHIL003 respectfully requests that this Court:

(i) Enter judgment in favor of LSCHIL003 and against UPG, Hutter, and Douglass, avoiding the transfers described in this Count to the extent necessary to satisfy LSCHIL003's claim, according to proof;

(ii) Order an attachment in LSCHIL003's favor and against the transferred assets described in this Count or any other property of Defendants;

(iii) Require Defendants to disgorge to LSCHIL003 any and all proceeds and profits stemming from the fraudulent transfers described in this Count;

(iv) Award punitive damages in an amount to be determined by the Court;

(v) Grant to LSCHIL003 its reasonable attorneys' fees and costs; and

(vi) Grant to LSCHIL003 any and all further relief as the Court may deem just and proper.

COUNT XVII: FRAUDULENT TRANSFER (740 ILCS 160/5(a)(2))

(LSCHIL003 v. UPG, Hutter, and Douglass)

314. LSCHIL003 re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

315. UPG, Hutter, and Douglass ("Defendants" for the purposes of this Count) caused LSI LBH to transfer the proceeds from the Sale and Leaseback Transaction to themselves or UPG's affiliates rather than LSI. In exchange for LSI's role in the Sale and Leaseback Transaction, Defendants did not provide reasonably equivalent value to LSI.

316. Because LSI did not receive reasonably equivalent value for its role in the Sale and Leaseback Transaction, in entering into and performing under the Kildare Lease, LSI was engaged in business and transactions for which its remaining assets were unreasonably small.

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317. Because LSI did not receive reasonably equivalent value for its role in the Sale and Leaseback Transaction, LSI, acting through Defendants, believed or reasonably should have believed that it could not sustainably make payments pursuant to the Kildare Lease and that it would not be able to pay other debts incurred as they became due.

318. LSI generated income from its operations since the Sale and Leaseback Transaction. However, Defendants caused LSI to transfer such income and other property to themselves or UPG's other affiliates without LSI receiving reasonably equivalent value in exchange for such transfers.

319. LSI, acting through Defendants, believed or reasonably should have believed that it would be unable to make payments pursuant to the Kildare Lease and that it would not be able to pay any other debts incurred as they became due if it transferred the income and property generated from its operations to Defendants.

320. By making transfers of its income and other property generated from its operations to Defendants, LSI was forced to engage in business and transactions for which its remaining assets were unreasonably small in relation to its ongoing obligations, including its obligations to pay Rent under the Kildare Lease.

WHEREFORE, LSCHIL003 respectfully requests that this Court:

(i) Enter judgment in favor of LSCHIL003 and against UPG, Hutter, and Douglass, avoiding the transfers described in this Count to the extent necessary to satisfy LSCHIL003's claim, according to proof;

(ii) Order an attachment in LSCHIL003's favor and against the transferred assets described in this Count or any other property of Defendants;

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(iii) Require Defendants to disgorge to LSCHIL003 any and all proceeds and profits stemming from the fraudulent transfers described in this Count;

(iv) Award punitive damages in an amount to be determined by the Court;

(v) Grant to LSCHIL003 its reasonable attorneys' fees and costs; and

(vi) Grant to LSCHIL003 any and all further relief as the Court may deem just and proper.

August 14, 2025

Respectfully Submitted,

By: /s/Evan J. Seeder

Evan J. Seeder
LOEB & LOEB LLP
321 N. Clark Street, Suite 2300
Chicago, IL 60654
312.464.3100
Firm # 44491
eseeder@loeb.com

Evan K. Farber
(pro hac vice)
Bethany D. Simmons
(pro hac vice)
LOEB & LOEB LLP
345 Park Avenue
New York, NY 10154
212.407.4000
efarber@loeb.com
bsimmons@loeb.com
Attorneys for Plaintiffs

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VERIFICATION BY CERTIFICATION

Under penalties as provided by law pursuant to section 1-109 of the Illinois Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he verily believes the same to be true.

EXECUTED on this 14th day of August 2025.

Jesse Charles Galloway,
Executive Vice President, General Counsel
Global Net Lease, Inc.

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IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION

ARG LSCHIL001, LLC, ARG LSCHIL002, LLC, ARG LSCHIL003, LLC, all Delaware limited liability companies, Plaintiffs, vs. LAMINATION SPECIALTIES LLC, a Delaware limited liability company, UPG ENTERPRISES, LLC, f/k/a UNION PARTNERS I LLC, a Delaware limited liability company, CHRISTOPHER HUTTER, an individual, and PAUL DOUGLASS, an individual, Defendants.	CASE NO.: 2025 L 002308 Calendar Y Hon. Judge John Tully, Jr.

AFFIDAVIT REGARDING DAMAGES SOUGHT

Plaintiffs, by their attorney Evan J. Seeder, being first duly sworn under oath, state as follows:

1. The affiant is one of the attorneys of record for Plaintiffs in this matter.

2. Pursuant to Illinois Supreme Court Rule 222(b), the total money damages sought in this civil action exceeds $50,000.00.

Under penalties as provided by law pursuant to section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct.

FURTHER AFFIANT SAYETH NOT.

Executed this 14th day of August, 2025.

By: 
Evan J. Seeder

EXHIBIT B

Hearing Date: No hearing scheduled
Location: <<CourtRoomNumber>>
Judge: Calendar, Y

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Mariyana T. Spyropoulos
CIRCUIT CLERK
COOK COUNTY, IL
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Calendar, Y
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IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION

ARG UPDBNMI001, LLC, a Delaware limited liability company,

Plaintiff,

vs.

GENX LEASING PARTNERS LLC f/k/a UP CENTRAL LEASING, LLC, a Delaware limited liability company; UPI MP LLC, a cancelled Delaware limited liability company; UP INVESTMENT HOLDINGS, LLC, a Delaware limited liability company; UPG ENTERPRISES, LLC, f/k/a UNION PARTNERS I LLC, a Delaware limited liability company; CHRISTOPHER HUTTER, an individual; and PAUL DOUGLASS, an individual,

Defendants.

CASE NO.: 2025 L 006760

Judge John J. Tully, Jr.

Room 2004, Calendar Y

FIRST AMENDED COMPLAINT

Plaintiff ARG UPDBNMI001, LLC ("ARG" or "Plaintiff"), through its attorneys, Loeb & Loeb LLP, states as its Complaint against Defendants as follows:

INTRODUCTION

1. Plaintiff is the landlord of an industrial property located at 4343 Wyoming Avenue in Dearborn, Michigan (the "Property"), which it bought from, and leased back to, subsidiaries of Defendant UPG Enterprises, LLC ("UPG"). UPG purports to be a holding company for a portfolio of steel companies, and it is owned and controlled by Defendants Christopher Hutter ("Hutter") and Paul Douglass ("Douglass").

2. In a typical sale and leaseback transaction, the purchaser buys the seller's real property and agrees to lease that property back to the seller after the sale. Generally speaking, the

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principal purpose of a sale and leaseback transaction is to provide a capital infusion to the seller while allowing the buyer an opportunity to invest in the asset and the future rents it generates. That is what happened here: through a coordinated set of transactions (the "Sale and Leaseback Transaction"), Plaintiff bought the Property from Defendant UPI MP, LLC ("UPI MP") and leased it back to Defendant UP Central Leasing, LLC ("UP Central Leasing"), both of which are subsidiaries of UPG. A third subsidiary of UPG, Defendant UP Investment Holdings, LLC ("UP Investment Holdings"), agreed to serve as Guarantor of UP Central Leasing's obligations as tenant under the lease.

3. Plaintiff's affiliates had previously entered into other sale and leaseback agreements with UPG-related entities. This Sale and Leaseback Transaction was part of a larger business strategy for both entities. Plaintiff's parent company, a real estate investment venture, was seeking to expand its real estate holdings. UPG was seeking to purchase more steel companies, and in order to do so, it needed the cash infusion that would come from selling the underlying properties. At the time of the Sale and Leaseback Transaction at issue here, it seemed to Plaintiff that the prior transactions had gone smoothly, and the other UPG tenants in Plaintiff's parent company's portfolio were paying rent. Plaintiff did not know, however, that many of the underlying representations that UPG, Hutter, and Douglass made in those prior transactions were false, and that they fully intended to extract the operating companies' cash and stop paying rent once there were no more sale and leaseback transactions with which to entice Plaintiff's affiliates.

4. Even though its experiences to date had been smooth, Plaintiff remained concerned about this transaction and insisted on doing its due diligence. By spending money to buy the Property in anticipation of receiving a steady stream of rental income, Plaintiff was effectively making a long-term investment in its tenant, UP Central Leasing. During negotiations leading up

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to the Sale and Leaseback Transaction, Defendants led Plaintiff to believe that an investment in UP Central Leasing would be safe because UP Central Leasing would be backed by the financial might of UPG, an entity that earned hundreds of millions of dollars per year. When Plaintiff expressed concern over UP Central Leasing's lack of credit rating, Hutter and Douglass offered UP Investment Holdings to serve as Guarantor. They told Plaintiff that UP Investment Holdings was the ultimate holding company for UPG and was flush with profits from UPG's various portfolio companies.

5. With the prior experiences of Plaintiff's affiliates and the ostensibly trustworthy assurances that Defendants provided, Plaintiff had every reason to believe that the transaction with UPI MP would be just another successful and profitable deal. As such, Plaintiff agreed to enter into the Sale and Leaseback Transaction with UPI MP.

6. But UP Central Leasing has been having difficulty paying rent. This year, it has failed to pay Base Rent, operating expenses, real estate taxes, and insurance cost reimbursements, among other costs for months at a time. As a result, UP Central Leasing is in breach of its lease with Plaintiff. Plaintiff seeks to recover monies owed under the lease by its Tenant UP Central Leasing and its Guarantor UP Investment Holdings. However, UP Central Leasing's default under the lease is just the tip of the iceberg.

7. As it turns out, the transaction between Plaintiff and UPI MP was both symptomatic of and part of a web of fraud and deceit. UPG had no plan for making UP Central Leasing or UP Investment Holdings successful. In fact, UPG, Hutter, and Douglass planned only to loot the companies in the future. This was part of UPG's real business model.

8. UPG manages its portfolio companies through a complicated morass of shell companies. Through these companies, UPG shifts money freely between entities, often leaving no

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paper trail. Such transfers are made to evade creditors or to coax lenders into offering loans. Ultimately, however, UPG and its myriad affiliates served a different purpose: to compensate Hutter and Douglass as much as possible, whether through exorbitant dividends, luxury cars, trips on private jets, and similar perks, at the expense of creditors and investors like Plaintiff.

9. Defendants thus lied to Plaintiff when they said that UP Central Leasing would be set up for success. Hutter also lied when he said that UP Investment Holdings could make a meaningful guaranty; in fact, it was just another UPG shell. Plaintiff relied on these misrepresentations when it decided to enter into the transaction.

10. UP Investment Holdings and UP Central Leasing would have only as much capital as UPG, Hutter, and Douglass allowed them to have. That means that UP Central Leasing – by virtue of the frequency and widespread use of intercompany transfers among UPG companies – can effectively afford to pay as much or as little rent as Hutter and Douglass please. As such, any failure by UP Central Leasing to pay rent is the responsibility of UPG, Hutter, and Douglass. Because UPG, Hutter, and Douglass used these companies as their alter egos, they should be treated as such, and UPG, Hutter, and Douglass should be equally liable for UP Central Leasing's debts. Defendants are also liable for fraudulent misrepresentations and fraudulent transfer (740 ILCS 160/5), as well as for other money damages and equitable relief.

THE PARTIES

11. Plaintiff is a real estate investment company organized as a Delaware limited liability company, which has its principal place of business at 650 Fifth Avenue, 30th Floor, New York, New York 10019. Created to facilitate the sale and leaseback of the commercial and industrial real property located at 4343 Wyoming Avenue, Dearborn, Wayne County, Michigan (the "Property"), ARG is registered and in good standing to conduct business in the State of

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Michigan. ARG is wholly-owned by Global Net Lease, Inc., a Maryland corporation operating as a real estate investment trust ("GNL").

12. Upon information and belief, Defendant UPI MP, LLC ("UPI MP") is a Delaware holding company that was organized as a limited liability company on July 30, 2018. Upon information and belief, UPI MP's principal place of business is 1400 16th Street, Suite 250, Oak Brook, Illinois. UPI MP's limited liability company status was cancelled by the state of Delaware as of April 30, 2020 because the company failed to appoint a registered agent after its previous one resigned. Upon information and belief, UPI MP is managed by Christopher Hutter and Paul Douglass, and UPG is the ultimate beneficial owner of UPI MP. ***ARG purchased the Property from UPI MP.***

13. Upon information and belief, Defendant Genx Leasing Partners, LLC, formerly known as UP Central Leasing, LLC ("UP Central Leasing"), is a Delaware limited liability company that was organized on March 2, 2015. The company changed its name from UP Central Leasing to Genx Leasing Partners, LLC on June 6, 2019. (For purposes of this Complaint, Plaintiff will refer to this entity by its former name, "UP Central Leasing.") UP Central Leasing's principal place of business is 1400 16th Street, Suite 250, Oak Brook, Illinois. While UP Central Leasing was qualified to do business in the state of Michigan in 2016, it is not in good standing as of March 1, 2023. Upon information and belief, UP Central Leasing is a wholly-owned subsidiary of UPG Enterprises, LLC and its managers are Christopher Hutter and Paul Douglass. Upon information and belief, UP Central Leasing operates the Property as a commercial steel processor under the brand name "Maksteel Steel Processing" ("Maksteel"), such that references herein to "Maksteel" are references to UP Central Leasing's brand name. ***UP Central Leasing is ARG's tenant at the Property.***

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14. Upon information and belief, Defendant UP Investment Holdings, LLC ("UP Investment Holdings") is a Delaware holding company that was organized as a limited liability company on November 30, 2017. Upon information and belief, UP Investment Holdings' principal place of business is 1400 16th Street, Suite 250, Oak Brook, Illinois. UP Investment Holdings is managed and beneficially owned by UPG. ***UP Investment Holdings is the Guarantor of UP Central Leasing's obligations under the lease for the Property.***

15. Upon information and belief, Defendant UPG is a Delaware limited liability company organized on August 11, 2014 as Union Partners I, LLC. The company changed its name to UPG Enterprises, LLC on or about July 3, 2019. (For purposes of this Complaint, Plaintiff will refer to this entity as "UPG.") UPG is an investment holding company and acquisition vehicle in the metal services sector with a principal place of business at 1400 16th Street, Suite 250, Oak Brook, Illinois. ***UPG is the ultimate beneficial owner and controller of UP Central Leasing, UPI MP, UP Investment Holdings, and other related entities.*** Hutter and Douglass are the co-founders, co-owners, and managers of UPG.

16. Defendant Hutter is an Illinois resident. Hutter is a private equity investor and co-founder of UPG alongside Douglass. Over the course of his career, Hutter has served as a manager or officer of over 300 companies, including at least 115 companies that are actively doing business in the states of Illinois and Michigan, among others. Through UPG, Hutter and Douglass control UP Central Leasing, UPI MP, UP Investment Holdings, and other related entities. Hutter owns fifty percent of the outstanding membership units of UPG.

17. Defendant Douglass is an Illinois resident. He holds a juris doctor degree from Northwestern University. Douglass co-founded UPG with Hutter and claims to have extensive experience in the acquisition and ownership of steel service centers. Through UPG, Douglass and

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Hutter control UP Central Leasing, UPI MP, UP Investment Holdings, and other related entities. Douglass owns fifty percent of the outstanding membership units of UPG.

JURISDICTION AND VENUE

18. Jurisdiction and venue are proper in this Court because the parties have contractually agreed to litigate disputes arising from the lease subject to this Complaint in Cook County, Illinois.

19. Jurisdiction and venue are also proper in Cook County, Illinois pursuant to 735 ILCS 5/2-101(1) and 2-102 because Defendant UPG and several of its portfolio companies frequently conduct business in Cook County.

EFFECT OF AMENDMENT

20. This First Amended Complaint is filed with leave of Court pursuant to this Court's order of July 31, 2025, as entered on August 8, 2025.

21. All factual allegations from Plaintiff's initial complaint in this matter (the "Initial Complaint"), as filed on May 23, 2025, are hereby incorporated by reference as if fully stated herein.

22. Plaintiff re-alleges and/or incorporates by reference all portions of its Initial Complaint as necessary to preserve any and all dismissed claims for purposes of appellate review.

23. Exhibits A through M of Plaintiff's Initial Complaint are hereby incorporated by reference as if attached in the first instance to this First Amended Complaint.

24. Attached to this First Amended Complaint as **Exhibit N** is a true and correct copy of a redline comparison of this document against Plaintiff's Initial Complaint.

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BACKGROUND

A. Alter Ego Allegations: Hutter and Douglass Found and Aggressively Expand UPG[1]

25. Private equity investors Hutter and Douglass founded Union Partners I, LLC – now known as UPG Enterprises, LLC[2] – on or about August 11, 2014. UPG was formed to hold and to some extent operate companies in the metals sector. Hutter and Douglass each own 50% of the issued and outstanding membership interests in UPG.

26. UPG is the beneficial owner of UP Central Leasing, UPI MP, and UP Investment Holdings.

27. UPG's business model is relatively simple. Either directly or through subsidiaries, UPG obtains control over often distressed companies in the metals sector through any means available. For instance, UPG has directly or indirectly acquired companies through bankruptcy sales, asset purchases, mergers, and hostile takeovers. These sometimes underhanded tactics have often provoked backlash; for instance, a 2020 hostile takeover of Synalloy Corp. spurred public accusations that UPG had made "patently false claims" regarding Hutter's biography and other matters.

28. The companies in UPG's portfolio are held either directly by UPG or through a byzantine web of shell companies with interlocking (and confusing) ownership structures. UPG

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[1] This Part A does not contain each and every factual allegation supporting Plaintiff's theory that UP Central Leasing, UPI MP, and UP Investment Holdings are the alter egos of UPG, Hutter, and Douglass. Subsequent facts pled in their logical context elsewhere within this Complaint also support or are germane to Plaintiff's alter ego theory of liability and Plaintiff may rely upon them as such.

[2] This First Amended Complaint uses "UPG" to refer to both Union Partners I and UPG Enterprises. The company formally changed its name to UPG on June 11, 2019.

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and its affiliates, including UP Central Leasing and over 100 other companies actively registered to do business in Illinois and Michigan, all operate out of the same office suite in Oak Brook, Illinois. Hutter and Douglass are the ultimate beneficial owners of all of these companies, and they manage them together. Hutter or Douglass have at one time or another managed each of these companies. For example, Hutter is listed as the manager for hundreds of limited liability companies in Illinois and Michigan alone. UPG employs so many shell entities that Hutter and Douglass have at times lost track of which entity serves what purpose. This web of shell entities is largely a means to insulate UPG, Hutter, and Douglass from liability.

29. In just ten years, UPG indirectly or directly acquired at least fifteen industrial operating companies, primarily in the metals industry. Six of these companies were acquired in 2018 and 2019 alone.

30. Although it is a self-described investment holding company, UPG also claims to perform a vast swath of purportedly "non-core" operations for its portfolio companies as part of its business model. Among the operations it claims to perform for its portfolio companies are IT, marketing, human resources, finance, sales, purchasing, logistics, and operations. In reality, by handling all of these functions, UPG in essence operates the portfolio companies directly. Upon information and belief, UPG operated UP Central Leasing, UP Investment Holdings, and UPI MP in this manner.

31. Publicly, UPG reports having between 1000 and 5000 employees. However, upon information and belief, no more than 200 employees (and perhaps far fewer) work for UPG directly. This means that no more than 200 people are tasked with providing all of the operational and other support services for a large portfolio of companies in the metals sector that collectively purportedly earn hundreds of millions of dollars.

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32. By June 2020, UPG touted $725 million in annual revenue. Since that time, upon information and belief, UPG's estimates of annual revenue have increased to over $1 billion. UPG's net income in any given year is significantly less. For example, in 2018, UPG reported $712,059,000 in annual revenue, but only $46,844,000 in net income.

33. Upon information and belief, UPG's various subsidiaries, including LSI, rarely if ever held annual meetings, took votes, recorded meeting minutes, or observed other corporate formalities. Further, UPG, Hutter, and Douglass fail to take basic steps to preserve the legal status of some of their entities. UPG also often fails to take steps to preserve the legal status of its subsidiaries. UPI MP, for example, was cancelled by the state of Delaware over five years ago for failing to appoint a registered agent. Since that time, UPI MP has not taken any steps to re-organize in Delaware.

34. Defendants' disregard of corporate formalities is also literal. Whether on purpose or the product of carelessness, Hutter and Douglass often get their morass of special purpose entities confused with one another. For example, in at least one sale and leaseback transaction following a merger, Douglass signed lease documents on behalf of an acquired company after the company had already been dissolved. And, either fraudulently or at best recklessly, Hutter and Douglass have signed legal documents as managers of dissolved companies and likewise confused holding companies for their subsidiaries and vice versa when executing documents.

35. As of the date of this filing, two of UPG's larger portfolio companies, Contractors Steel Company ("Contractors Steel") and Lamination Specialties, LLC, are purportedly insolvent. Borrmann Metals Center ("Bormann"), a wholly-owned subsidiary of Contractors Steel, notified creditors of an assignment for the benefit of creditors on January 24, 2025. UPG affiliates Mapes & Sprowl, LLC and Maksteel USA, LLC have had chronic difficulty paying rent on time. Both

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UPG and its portfolio companies, upon information and belief, regularly fail to pay their vendors. Indeed, UPG has been recently named in at least eleven lawsuits filed by creditors because UPG failed to pay invoices or repay debt, among other grounds (some including fraud).[3] UPG's portfolios are struggling and even failing despite what has been a thriving steel market during the past decade.

36. The failure of companies like Contractors Steel is by design. UPG, Hutter, and Douglass do not have strategic growth plans for the companies acquired by UPG. Instead, upon information and belief, UPG attempts to extract value from each company through consolidation, liquidation, or other methods.

37. Hutter and Douglass freely shift money between UPG affiliates, often without any sort of documentation. For example, when an entity would need to show a certain level of working capital to obtain a loan, Hutter and Douglass would shift assets or receivables to that entity in order to satisfy the lender. Once the lender was satisfied, Hutter and Douglass would shift the transferred funds back to UPG, to other UPG affiliates, or to themselves. In other instances, Hutter and Douglass made sure that bogus "disposition" and "global incentive" fees would be paid to entities

[3] *See* Complaint, *Pacific Steel Projects, Inc. v. Bormann Metal Ctr., et al.*, No. CVRI2405288 (Cal. Sup. Ct.), filed Sept. 20, 2024; Complaint, *AIM Leasing Co. v. UPG Enters.*, No. 4:24-cv-02163 (N.D. Ohio), filed Nov. 5, 2024; Complaint, *Nexgen Metals, Inc. v. Borrmann Metals Ctr.*, No. 24STCV31766 (Cal. Sup. C.), filed Dec. 3, 2024; Complaint, *Universal Mktg., LLC v. UPG Enters., LLC*, No. 2025-LM-000006 (Ill. Cir. Ct. Kane Cty.), filed Jan. 16, 2025; Complaint, *Wedeen v. v. UPG Enters., LLC,* No. 2:25-cv-00696 (C.D. Cal.), filed Jan. 27, 2025; Complaint, *ARG LSCHIL001, LLC, et al. v. Lamination Specialties, LLC, et al.*, No. 2025 L 2308 (Ill. Cir Ct. Cook Cty), filed February 14, 2025; Complaint, *Transportation Commodities, Inc. v. UPG Enters., LLC*, No. 4:25-cv-00577-CAB (N.D. Ill.), filed March 24, 2025; Complaint, *Intersoft Data Labs, Inc. v. UPG Enters., LLC*, No. C-13-CV-25-000309 (Md. Cir. Ct.), filed April 7, 2025; Verified Complaint, *Sentinel Techs., Inc. v. UPG Enters., LLC*, No. 2025LA000623 (Ill. Cir. Ct. DuPage Cty.), filed May 23, 2025; *ARG LSWYGMI001, LLC v. Maksteel USA, LLC*, *et al.,* No. 25C708 (Tenn. Cir. Ct. 11th Dist.), filed June 2, 2025.

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they controlled as part of the closing costs of transactions (as with the sale and leaseback transaction at issue in this lawsuit) involving UPG entities.

38. As they did with UP Central Leasing, Hutter, Douglass, and UPG also shifted assets from one entity to another to avoid paying creditors.

39. Defendants' pattern and practice of stiffing creditors is on display in allegations from multiple recent lawsuits against the now-insolvent Contractors Steel and its subsidiaries. For example, in *Nexgen Metals, Inc. v. Borrmann Metal Center,*[4] one of Borrmann's suppliers alleges that Borrmann failed to pay invoices for products worth more than $500,000. The supplier was allegedly promised by a UPG executive that UPG would pay Borrmann's past due invoices. Instead, the supplier alleges that its products were allegedly transferred to a shell company owned by Borrmann's parent companies and that UPG never paid the bill. Another creditor has sued UPG directly, claiming that UPG will not honor a Guaranty made for a $5,000,000 promissory note the creditor granted to Contractors Steel as part of a stock purchase agreement.[5] Not including the instant lawsuit, creditors have sued for over $14.5 million in recent suits against UPG or its affiliates.

40. Above all else, Hutter and Douglass take great pains to ensure they are personally able to extract as much value as possible from UPG and its affiliates, including UP Central Leasing, UPI MP, and UP Investment Holdings, often at the expense of these companies. For example, Hutter and Douglass cause UPG to issue large dividend payments to themselves. Hutter and Douglass also cause UPG entities to pay large management fees to a separate entity they created

[4] No. 24STCV31766, Superior Court of Los Angeles County, California.

[5] *See Wedeen v. UPG Enterprises, LLC*, No. 2:25-cv-00696 (C.D. Cal.).

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which exists only to provide themselves with various luxury perks, such as luxury cars and chartered trips on private jets.

41. Upon information and belief, UPG has had at least seven Chief Financial Officers since 2019. Several of whom, along with other C-suite executives, departed UPG because of financial impropriety.

42. Hutter and Douglass have controlled UPG during all times relevant to this Complaint.

43. Upon information and belief, UPG affiliates are leveraged to a great extent, and the lion's share of profits or loan proceeds are piped up to UPG or its affiliates at the direction of Hutter and Douglass.

44. UP Central Leasing and UP Investment Holdings are each dominated and controlled by and are mere business conduits of Hutter, Douglass, and UPG. Like all of UPG's portfolio companies, UP Central Leasing and UP Investment Holdings are instruments of UPG, which Hutter and Douglass use to keep UPG funded and to finance their own lavish lifestyles.

B. ARG Becomes the Owner of the Property and UP Central Leasing's Landlord

1. UPG acquires the Property and leases it to UP Central Leasing

45. UPI MP acquired the Property on October 5, 2018 from Xcel Steel Pickling, Inc. ("Xcel Steel"), a steel processor. Upon information and belief, UPI MP acquired the Property for less than market value and free and clear of any mortgage.

46. Four days later, on October 9, 2018, UPG acquired Xcel Steel's assets. Xcel Steel's business was wrapped up into UPG's Maksteel brand, operating under the name Maksteel Processing, LLC. Upon information and belief, Maksteel has made operational use of the Property ever since.

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47. UPI MP entered into a Lease Agreement with UP Central Leasing – which operated under the brand name of "Maksteel" on the Property – as tenant on January 1, 2019 (the "Lease"). The Lease was for an initial term of ten years, with 10% increases in Annual Base Rent (starting at $1,265,000) every five years. By its terms, UP Central Leasing would begin paying Base Rent to UPI MP on April 1, 2019. A true and correct copy of the Lease is attached to this Complaint as **Exhibit A.**

48. It is not clear from the written terms of the Lease when the Lease actually commenced. Under the Lease, the "Commencement Date" is defined to be the same day as "the closing of the transactions contemplated by the Real Estate Purchase Agreement between Lessor and Lessee, pursuant to which Lessor will purchase the Premises from Lessee." (Ex. A. at 6.) Upon information and belief, no such transaction ever occurred.

49. Hutter executed the Lease on behalf of UPI MP in his capacity as its manager. Douglass signed on behalf of UP Central Leasing in his capacity as its manager. (Ex. A. at 8.)

2. ***ARG negotiates the Sale and Leaseback Transaction***

50. Hutter made an informal offer to sell the Property to AR Global Investments LLC ("AR Global"), GNL's predecessor in interest, on or about October 9, 2018, the same day UPI MP acquired Xcel Steel's assets. Hutter offered a triple net lease on the Property with a commencement date of September 15, 2018. UPI MP did not own the Property until October 5, 2018. No lease was executed between UPI MP and UP Central Leasing until January 1, 2019.

51. AR Global expressed interest in the property, and negotiations continued across the Winter and Spring of 2019.

52. AR Global had previously negotiated and entered into other sale and leaseback transactions with UPG. Although the properties and the individual entities on each side were different, the essential features of the transactions were the same. UPG would be interested in

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purchasing a steel company but would need an infusion of cash in order to do so. UPG would then offer to sell the underlying properties to AR Global and lease them back from AR Global, thus providing itself a cash infusion which it could then use to finance the purchase of the steel company, and providing AR Global with real estate holdings and a steady stream of rental income with which to recoup its initial investment.

53. These prior transactions had all gone smoothly – or so AR Global believed. In fact, however, things were not as they seemed. The prior transactions were riddled with misrepresentations and fraudulent practices by UPG, Hutter, and Douglass. Among other things, and without AR Global's knowledge, they repeatedly offered guaranties or otherwise signed transaction documents from entities which did not exist, which they did not actually own, or which they merged out of existence within days of execution.

54. On or about March 1, 2018, Hutter and Douglass met in New York City with AR Global's Chief Executive Officer and Executive Vice President. During the course of this meeting, Hutter and Douglass discussed UPG's business model and goals. In that meeting and in related communications, Hutter and Douglass explained that they hoped to continue to roll up steel manufacturers and operating companies in related industries under the UPG umbrella. They sought to convince AR Global's representatives to buy the Properties, as well as properties belonging to other steel companies that UPG hoped to acquire, like Contractors Steel, and then lease back the Properties and those other related properties to those operating companies. By paying that purchase price to UPG, AR Global would be providing the cash that UPG could then use to acquire these operating companies – so AR Global would effectively be financing the roll-ups that Hutter and Douglass hoped to accomplish. AR Global understood, based on the representations made to it by

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Hutter and Douglass, that the financing it was being asked to provide would be the lynchpin of UPG's entire strategy.

55. On April 1, 2019, AR Global issued a Letter of Intent (the "LOI") to engage in a sale and leaseback transaction with UPG.[6] The LOI contemplated that AR Global, acting on behalf of special purpose entities, would take title to the property and lease it back to UP Central Leasing, and that the Guarantor would be "Union Investment Holdings, LLC." UPG accepted AR Global's LOI on April 2, 2019.

3. UP Investment Holdings guarantees UP Central Leasing's obligations under the Lease.

56. AR Global and ARG were concerned with the potential risk of engaging with a company without a credit rating. On or about April 1, 2019, Hutter represented that UP Investment Holdings *doing business as Union Partners* was the ultimate parent company of all of UPG's portfolio companies operating in the Chicago area, and that UP Investment Holdings would agree to serve as Guarantor for the transaction. Hutter further represented that UP Investment Holdings had a nine-figure valuation. AR Global relied on these representations in gauging UP Investment Holdings' reliability as a Guarantor.

57. UP Investment Holdings was not, in fact, a "d/b/a" name for Union Partners (i.e., UPG); rather, it was a UPG wholly-owned subsidiary. Upon information and belief, UP Investment Holdings was worth far less than nine figures.

58. On or about April 1, 2019, UP Investment Holdings agreed to serve as Guarantor of UP Central Leasing's obligations under the Lease, as reflected by a "Guaranty Rider" to the

[6] The Sale and Leaseback Transaction was part of a "two-pack deal." The Property was packaged together with another UPG-affiliated company that is not a party to this suit as of the time of filing of this First Amended Complaint.

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Lease executed on April 9, 2019 (the "Guaranty"). (*See* Ex. A at 49.) Douglass executed the Guaranty on behalf of UP Investment Holdings as the manager of Union Partners I, LLC, which in turn was the manager of UP Investment Holdings. (*Id.*)

59. AR Global and ARG would not have accepted the Guaranty if Hutter and UPG had properly represented the distinction between UP Investment Holdings and UPG. UPG and Hutter purposefully misrepresented the facts to defraud AR Global and ARG and to induce them to enter into the Sale and Leaseback Transaction.

4. ***The Sale and Leaseback Transaction closes***

60. On April 10, 2019, UPI MP, AR Global, and ARG entered into an Agreement for Purchase and Sale of Real Property ("Purchase Agreement") under which UPI MP agreed to sell the Property for $16,688,654. A true and correct copy of the Purchase Agreement is attached to this Complaint as **Exhibit B.**

61. The Purchase Agreement was signed by Michael Anderson on behalf of AR Global, as buyer, and UP Investment Holdings and UPI MPI, both described as "sellers." (Ex. B at 20.) Hutter signed on behalf of UP Investment Holdings as its manager, and Douglass signed on behalf of UPI MP. (*Id.*)

62. The Sale and Leaseback Transaction closed on May 20, 2019. None of the $16,688,654 purchase price was used to discharge any mortgage loan incurred by UPI MP. $667,546.16 out of the purchase price, however, was used to pay "Advisor Fees" to UPG.

63. Net of certain charges and taxes, PI MP received $15,810,448.44 for the Property.

64. Contemporaneous with closing, UPI MP assigned all of its "right, title and interest" in the Lease and the Guaranty, and security deposits to ARG. A true and correct copy of this Assignment and Assumption of Leases, Guarantees and Security Deposits (the "Assignment") is attached to this Complaint as **Exhibit C.**

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65. As a condition of closing, UP Investment Holdings was required to submit a Guarantor Estoppel Certificate (the "Guarantor Estoppel"). (Ex. B. § 6(c).) Under the Guarantor Estoppel, UP Investment Holdings represented that the Guaranty was "valid and in full force and effect on the date hereof" and that "this Certificate is delivered to induce Buyer to acquire the Premises . . . with the understanding that Buyer [] shall rely upon the truth of the matters set forth in this Certificate." A true and correct copy of the Guarantor Estoppel is attached to this Complaint as **Exhibit D**.

66. Upon information and belief, virtually none of the proceeds from the Sale and Leaseback Transaction were directed to UP Central Leasing, the operating company. Instead, upon information and belief, UPI MP either kept for itself what should have been a capital infusion for UP Central Leasing or transferred the money to UPG directly or through an affiliate. This, of course, would include the $667,456 fee taken out of the purchase price that went straight to UPG at closing.

67. Without this capital infusion, upon information and belief, Maksteel's long-term financial health and stability was jeopardized.

C. The Terms of the Lease

68. The Lease is governed by and to be construed in accordance with Michigan law. (Ex. F § 29.6.)

69. The Lease contains a venue provision. Specifically, Landlord and UP Central Leasing agreed that if either party "desires to bring an action against the other in connection with this Lease, such action will be brought either in the state courts of Cook County, Illinois or in the federal courts located in Springfield, Illinois[.] Landlord and Tenant consent to the jurisdiction of such courts and waive any right to have such action transferred from such courts on the grounds of improper venue or inconvenient forum." (Ex. A § 20.6.)

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70. On January 1, 2019, pursuant to the Lease, Landlord UPI MP agreed to lease the Property to UP Central Leasing for a period of ten years in exchange for annual Base Rent in the initial amount of $1,265,000, payable in equal monthly installments. (Ex. A at 1.) The parties agreed that Base Rent would increase by ten percent every five years. (*Id.*) The current amount of monthly Base Rent for the Property is $115,958.33 as of May 1, 2025.

71. "Rent" is defined in the Lease to include Base Rent, Management Fees, tax charges, and expense charges as specified in sections 3.1, 3.3, 4.1, among others, of the Lease. (*See* Ex. A.)

72. The parties also agreed that the Base Rent would be "absolutely net" to the Landlord, or what is commonly known as "triple net." (*Id.* § 3.4.) As such, in addition to Base Monthly Rent, UP Central Leasing agreed to be responsible for "each and every item of Taxes and operating expenses of every kind and nature whatsoever, the payment of which Landlord is, shall, or may become liable for by reason of its estate or interest in the [property]. . . ." (*Id.* § 3.4; *e.g.*, *id.* §§ 3.1, 3.3.)

73. As a portion of its Rent, UP Central Leasing agreed to reimburse Landlord for premiums paid on Commercial General Liability and Loss of Rent insurance policies for the Properties. (*Id.* § 14.1.)

74. The Lease also requires UP Central Leasing to pay all taxes, assessments and fees "levied upon or against the Premises, or the rents collected therefrom, by any governmental entity based upon the ownership, leasing, renting, or operation of the Premise, including all reasonable costs and expenses of protesting such taxes, assessments or fees." (*Id.* §§ 4.1, 4.2.)

75. According to the Lease, in the event UP Central Leasing fails to pay Rent within five days after it is due, the Landlord is within its rights to assess a Late Charge in the amount of the greater of "(i) $500, or (ii) 5% of the past due payment or installment of rent." *(Id.* § 3.6.)

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76. The parties agreed that Rent would be paid to the Landlord "or to such other party or to such other address as Landlord may hereafter designate by written notice to Tenant." (*Id.*)

77. UP Central Leasing further agreed that it would pay interest on past due rent at a "Default Rate" of the lesser of (i) one percent per month, or (ii) 10% plus the corporate base rate of interest announced periodically by Bank of America as the "Prime Rate," but in no event higher than the maximum rate permitted by applicable law. (*Id.* § 3.6.) According to the Lease, interest on past due rent begins to accrue from the fifth day following the date Rent is due. (*Id.*)

78. Once Rent becomes past due, UP Central Leasing's failure to pay Rent within five days constitutes a "Default" by the Tenant under the Lease. (*Id.* § 20.1(1).) Other events of Default include a "default by any guarantor under the lease," the "dissolution of any Tenant or of any guarantor of this Lease," along with the failure of Tenant "to observe or perform any other covenant or obligation of Tenant under the Lease." (*Id.*)

79. As provided in the Lease, if UP Central Leasing does not cure any Default within 30 days after receiving written notice of the default from the Landlord, the Landlord may pursue its remedies under the Lease. (*Id.*)

80. In the event UP Central Leasing is in monetary default more than twice within any 12 month period during the lease term (i.e., when there have been "Chronic Defaults"), section 20.7 of the Lease provides Landlord with the right, among other actions, to "require Tenant to pay all Rent due under this lease by automatic fund transfers from Tenant's bank account[.]" (*Id.* § 20.7.) An election by the Landlord to accelerate rent under section 20.7 does not limit the Landlord's "other rights and remedies under this Lease, at law or equity[.]" (*Id.*)

81. In addition to termination of the Lease or termination of UP Central Leasing's possession of the Property, the Lease provides the Landlord with the right to "pursue any of its

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rights and remedies at Law or in equity[.]" (*Id.* § 20.2.) The Landlord's rights under the Lease are cumulative and can "be pursued successively or concurrently as Landlord may elect." (*Id.* § 20.3.)

82. The Lease requires UP Central Leasing to reimburse its Landlord for "all costs and expenses incurred by Landlord by reason of any Default (including reasonable legal fees)" whether or not a legal action is instituted. (*Id.* § 20.5.) The prevailing party in any litigation to enforce Landlord's rights under the Lease is entitled to legal costs and attorneys' fees. (*Id.*)

83. The Landlord has the absolute right to transfer and assign its rights under the Lease. (Ex. A § 29.18.)

84. The Lease constitutes the entire agreement between Landlord and UP Central Leasing with respect to the Property. (Ex. A § 29.2.)

85. Under section 29.1 of the Lease, the parties agreed that "each provision of [the Lease] will extend to, bind and inure to the benefit of Landlord and Tenant and their respective legal representatives, successors, and assigns; and all references herein to Landlord and Tenant will be deemed to include all such parties." (Ex. A § 29.1.)

86. The Lease has not been amended.

D. The Terms of the Guaranty Made for the Benefit of the Landlord

87. The Guaranty is governed by and to be construed in accordance with California state law. (Ex. A at 70.)

88. Under the terms of the Guaranty, "as an inducement to Landlord to enter into the Lease, [UP Investment Holdings], who has a substantial economic interest in Tenant, hereby guarantees to Landlord, its successors and assigns, the payment of all rentals specified thereunder and all other payments to be made by Tenant under the Lease." (*Id.* at 69.)

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89. UP Investment Holdings agreed to be jointly and severally liable for Tenant's failure to pay amounts due under the Lease "without requiring any notice of nonpayment, nonperformance, or proof of notice or demand, whereby to charge Guarantor." (*Id*.)

90. All told, UP Investment Holdings agreed that it would be bound by all the terms of the Lease "the same as though Guarantor were named therein as Tenant." (*Id*.)

91. Additionally, Guarantor agreed that it would be liable for "Enforcement Costs" incurred by the Landlord in the process of enforcing provisions of the Lease, to include attorneys' fees and costs. (*Id.*)

92. The parties to the Guaranty further agreed that "[a]ll obligations and liabilities to Guarantor pursuant to this Guaranty shall be binding upon the heirs, legal representatives, successors, and assigns of the Guarantor, and Guarantor, its heirs, legal representatives, successors, and assigns shall remain fully liable under the Lease and this Guaranty regardless of any merger, corporate reorganization or restructuring involving Tenant[.]" (*Id*.)

E. UP Central Leasing Fails to Meet its Obligations Under the Lease

93. On November 27, 2024, ARG billed UP Central Leasing by invoice for the reimbursement of $247,365.89, constituting tax payments ARG made with respect to the Property (the "November Invoice"). Such tax reimbursements constitute "Additional Rent" and therefore "Rent" under the Lease. (Ex. A §§ 3.1, 3.3.) A true and correct copy of the November Invoice is attached to this Complaint as **Exhibit E**.

94. UP Central Leasing received the November Invoice on the date it was billed, and UP Central Leasing has not since disputed the amounts stated therein.

95. UP Central Leasing failed to reimburse ARG for these tax charges.

96. On February 1, 2025, ARG billed UP Central Leasing by invoice for common area maintenance charges in the amount of $1,658.05, insurance cost reimbursements in the amount of

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$1,881.18, and Base Rent. (the "February Invoice"). Common area maintenance charges and insurance cost reimbursements constitute "Additional Rent" and therefore "Rent" under the Lease. (Ex. A §§ 3.1, 3.3, 5.1, 14.1.) A true and correct copy of the February Invoice is attached to this Complaint as **Exhibit F.**

97. UP Central Leasing failed to pay the common area maintenance charges and insurance cost reimbursements billed in the February Invoice.

98. UP Central Leasing received the February Invoice on the date it was billed, and UP Central Leasing has not disputed the amounts stated therein.

99. On February 18, 2025, attorneys for ARG notified UP Central Leasing and UPG that ARG had not yet received any payment for past due Additional Rent under the Lease, including real estate taxes, and that UP Central Leasing was in default under section 20 of the Lease (the "February Default Notice"). ARG also demanded payment from UP Central Leasing's Guarantor. A true and correct copy of the February Default Notice is attached to this Complaint as **Exhibit G.**

100. On March 1, 2025, ARG billed UP Central Leasing by invoice for common area maintenance charges in the amount of $1,658.05, insurance cost reimbursements in the amount of $1,881.18, and Base Rent. (the "March Invoice"). A true and correct copy of the March Invoice is attached to this Complaint as **Exhibit H.**

101. UP Central Leasing failed to pay the common area maintenance charges and insurance cost reimbursements billed in the March Invoice.

102. UP Central Leasing received the March Invoice on the date it was billed, and UP Central Leasing has not disputed the amounts stated therein.

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103. On March 27, 2025, without any payment of Additional Rent from UPG or UP Central Leasing, ARG again notified UPG and UP Central Leasing that they were in default of the Lease for failing to pay Additional Rent (the "March Default Notice"). ARG again demanded payment from UP Central Leasing's Guarantor. A true and correct copy of the March Default Notice is attached to this Complaint as **Exhibit I**.

104. By April 2025, UP Central Leasing had not paid multiple months' worth of Additional Rent, including common area maintenance charges, real estate taxes, and insurance cost reimbursements.

105. On April 1, 2025, ARG billed UP Central Leasing by invoice for common area maintenance, insurance cost reimbursements, and Base Rent. (the "April Invoice"). A true and correct copy of the April Invoice is attached to this Complaint as **Exhibit J.**

106. UP Central Leasing received the April Invoice on the date it was billed, and UP Central Leasing has not disputed the amounts stated therein.

107. On April 21, 2025, ARG again notified UPG and UP Central Leasing that UP Central Leasing was in default under the Lease for failing to pay Additional Rent (the "April Default Notice," and collectively with the February Default Notice and the March Default Notice, the "Default Notices"). ARG again demanded payment from UP Central Leasing's Guarantor. A true and correct copy of the April Default Notice is attached to this Complaint as **Exhibit K**.

108. Additionally, in the April Default Notice, ARG notified UP Central Leasing that ARG was exercising its right under section 20.7 of the Lease to require UP Central Leasing to "pay all Rent due under the Lease by automatic fund transfers from Tenant's bank account." (Ex. K at 2.)

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109. On May 1, 2025, ARG billed UP Central Leasing by invoice for common area maintenance charges, insurance cost reimbursements, and Base Rent (the "May Invoice"). A true and correct copy of the May Invoice is attached to this Complaint as **Exhibit L.**

110. UP Central Leasing received the May Invoice on the date it was billed, and UP Central Leasing has not disputed the amounts stated therein.

111. On May 22, 2025, counsel for ARG notified UP Central Leasing that it was exercising its right under section 20.7 of the Lease to accelerate future unpaid Rent and require UP Central Leasing to pay – in addition to the past due Rent already owed – all Rent due through the end of the Lease term. A true and correct copy of ARG's Notice of Acceleration to UP Central Leasing is attached to this Complaint as **Exhibit M.**

112. As of August 14, 2025, UP Central Leasing has paid past due amounts but has not paid accelerated future Rent through the duration of the Lease term.

113. ARG, as successor to UPI MP, fully performed its own obligations under the Lease.

114. As of August 13, 2025, UP Central Leasing owes at least $4,986,209.18 in Rent for the Property, which constitutes the full amount of Rent due to UP Central Leasing from September 1, 2025 through March 31, 2029, discounted to present value.

115. UP Central Leasing owes ARG interest on such Rent at the Default Rate pursuant to section 3.6 of the Lease.

116. As of the date of this Complaint, UP Central Leasing has failed to pay any of the outstanding Rent owed to ARG under the Lease and UP Central Leasing's Guarantor has not paid any of the amounts due under the Guaranty.

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COUNT I: BREACH OF CONTRACT

(ARG v. UP Central Leasing)

117. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

118. UPI MP and UP Central Leasing entered into the Lease, a valid and enforceable lease for the Property.

119. UPI MP validly assigned its interest in the Lease to ARG.

120. As set out in the parties' written Lease, ARG, as successor-in-interest to Landlord UPI MP, agreed to allow UP Central Leasing to possess and use the Property for an initial period of ten years. In exchange, UP Central Leasing agreed to pay Landlord Rent as specified in the Lease.

121. By signing the Lease, UP Central Leasing agreed to pay a Late Charge for past due Rent in the amount of the greater of $500 or 5% of the past due payment or rent installment.

122. Section 3.6 of the Lease also requires UP Central Leasing to pay interest on past due Rent.

123. Under the terms of the Lease, the Landlord is entitled to recover its reasonable attorneys' fees and costs by reason of any default, along with fees and costs incurred by Landlord (as the prevailing party) in any adversarial proceeding brought concerning the lease.

124. ARG, as successor to UPI MP, has fulfilled all its obligations under the Lease.

125. UP Central Leasing failed to pay Rent under the Lease from November 2024 through May 2025.

126. UP Central Leasing's failure to pay continued for more than thirty days after ARG served UP Central Leasing with the Default Notices. As such, UP Central Leasing is in default under the Lease.

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127. Because UP Central Leasing had more than two monetary defaults in a twelve-month period, UP Central Leasing is in Chronic Default under section 20.7 of the Lease. As such, Plaintiff has the right to accelerate Rent under that section of the Lease.

128. ARG notified UP Central Leasing that it was exercising its right to accelerate Rent under section 20.7 of the Lease on May 22, 2025.

129. UP Central Leasing's default constitutes a material breach of its obligations under the Lease.

130. As a direct and proximate result of UP Central Leasing's breach, ARG has sustained damages well in excess of the minimum jurisdictional amount required to file suit in the Law Division of the Circuit Court of Cook County.

131. UPG, Hutter, and Douglass may ultimately be held liable for UP Central Leasing's breach because, upon information and belief, UP Central Leasing was a mere alter ego for UPG, Hutter, and Douglass, and recognizing UP Central Leasing as a distinct entity would sanction fraud and promote injustice.

WHEREFORE, ARG respectfully requests that this Court:

(i) Enter judgment in favor of Plaintiff ARG and against UP Central Leasing, awarding compensatory damages in an amount to be determined by the Court, including:

(1) Pursuant to section 20.7 of the Lease, at least $4,986,209.18, the present value of the Rent due for the remainder of the lease term; and

(2) Interest accrued on the total amount of delinquent past due Rent owed by UP Central Leasing pursuant to section 3.6 of the Lease at

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an amount to be proven at trial; and

(3) Any other outstanding Rent; and

(4) Any and all consequential damages, according to proof and as permitted by law;

(ii) Grant to ARG its reasonable attorneys' fees and costs pursuant to the parties' agreement;

(iii) Pierce UP Central Leasing's corporate veil to find that Hutter, Douglass, and UPG were UP Central Leasing's alter egos and are also liable for damages under this Count; and,

(iv) Grant to ARG any and all further relief as the Court may deem just and proper.

COUNT II: BREACH OF CONTRACT / GUARANTY

(ARG v. UP Investment Holdings)

132. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

133. Through the Guaranty, UP Investment Holdings agreed that it would guarantee UP Central Leasing's performance under the Lease, including UP Central Leasing's obligation to pay Rent.

134. Further, under the Guaranty, UP Investment Holdings is jointly and severally liable for UP Central Leasing's failure to pay amounts due under the Lease.

135. UP Investment Holdings agreed in the Guaranty that, in the event the Property's Landlord takes any action to enforce the Guaranty in court or otherwise, UP Investment Holdings would pay all Landlord's costs, including attorneys' fees and costs.

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136. ARG is UPI MP's successor in interest by virtue of the Assignment, and, as such is entitled to the Guaranty's protection.

137. UP Central Leasing breached the Lease by failing to pay Rent from November 2024 to May 2025. UP Central Leasing's default constitutes a material breach of its obligations under the Lease.

138. In addition to past due Rent, the Lease requires UP Central Leasing to pay Late Charges and Interest on past due amounts.

139. Because UP Central Leasing had more than two monetary defaults in a twelve-month period, UP Central Leasing is in Chronic Default under section 20.7 of the Lease. As such, Plaintiff has the right to accelerate Rent under that section of the Lease.

140. ARG notified UP Central Leasing that it was exercising its right to accelerate Rent under section 20.7 of the Lease on May 22, 2025.

141. ARG, as successor to UPI MP, has fulfilled all its obligations under the Lease.

142. UP Investment Holdings, the Guarantor of the Lease, is jointly and severally liable for UP Central Leasing's breach of the Lease.

143. The Guaranty also requires UP Investment Holdings to pay Landlord's Enforcement Costs, including reasonable attorneys' fees and costs.

144. ARG demanded that the Property's Guarantor pay the past due Rent owed by UP Central Leasing in the Default Notices.

145. ARG has received no payments from UP Investment Holdings to ensure UP Central Leasing's performance under the Lease. As such, UP Investment Holdings has breached the Guaranty.

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146. UPG, Hutter, and Douglass may ultimately be held liable for UP Investment Holdings' breach because, upon information and belief, UP Investment Holdings was a mere alter ego for UPG, Hutter, and Douglass, and recognizing UP Investment Holdings as a distinct entity would sanction fraud and promote injustice.

147. As a direct and proximate result of UP Central Leasing's breach and UP Investment Holdings' failure to meet its obligations under the Guaranty, ARG has sustained damages well in excess of the minimum jurisdictional amount required to file suit in the Law Division of the Circuit Court of Cook County.

WHEREFORE, ARG respectfully requests that this Court:

(i) Enter judgment in favor of Plaintiff ARG and against UP Investment Holdings, awarding compensatory damages in an amount to be determined by the Court, including:

(1) Pursuant to section 20.7 of the Lease, $4,986,209.18, the present value of the Rent due for the remainder of the lease term; and

(2) Interest accrued on the total amount of delinquent past due Rent owed by UP Central Leasing pursuant to section 3.6 of the Lease, at an amount to be proven at trial; and

(3) Any other outstanding Rent; and

(4) Any and all consequential damages, according to proof and as permitted by law.

(ii) Grant to ARG its reasonable attorneys' fees and costs pursuant to the parties' agreement;

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(iii) Pierce UP Investment Holdings' corporate veil to find that Hutter, Douglass, and UPG were UP Investment Holdings' alter egos and are also liable for damages under this Count; and,

(iv) Grant to ARG any and all further relief as the Court may deem just and proper.

COUNT III IN THE ALTERNATIVE: UNJUST ENRICHMENT

(ARG v. All Defendants)

148. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

149. To the extent the Lease is deemed void, voidable, or otherwise unenforceable, ARG raises this Count in the alternative.

150. ARG purchased the Property from UPI MP with the expectation that UP Central would pay ARG for the continued right to use and possess the property for ten years at a price agreed upon by the parties. To the extent the Lease is deemed void, voidable, or otherwise unenforceable, this understanding of the parties' agreement was nevertheless affirmed by Hutter and Douglass during the parties' negotiations.

151. UPI MP voluntarily accepted ARG's money for the sale of the Property.

152. UP Central Leasing then remained in possession of the Property and proceeded to make monthly payments to ARG for the continued right to use and possess the property.

153. For years, UP Central Leasing made monthly payments to ARG for its right to use and possess the Property.

154. From November 2024 to the time this Complaint was filed, UP Central Leasing has not fully paid for its use of the Property.

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155. UP Central Leasing held a valuable right to possess and use the Property but failed to pay for that right as agreed. This was to ARG's detriment as ARG could have arranged to lease the property to another party.

156. UP Central Leasing is merely an alter ego for UPG, Hutter, and Douglass, such that any benefit to UP Central Leasing necessarily flowed to UPG, Hutter, and Douglass.

157. Allowing Defendants to retain the benefits from UP Central Leasing's use and possession of the Property at ARG's expense would violate the fundamental principles of justice, equity, and good conscience.

WHEREFORE, ARG respectfully requests that this Court:

(i) Enter judgment in favor of ARG and against Defendants, awarding monetary damages in an amount to be determined by the Court, including: the value of Defendants' right to possess the property for the months of November 2024 through May 2025 and future months, according to proof, but not less than $484,629.34, including taxes paid on the property, insurance cost reimbursements, and monthly usage amounts according to the parties' course of dealing;

(ii) Grant to ARG its reasonable attorneys' fees and costs; and,

(iii) Grant to ARG any and all further relief as the Court may deem just and proper.

COUNT IV: FRAUDULENT MISREPRESENTATION

(ARG v. All Defendants)

158. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

159. Hutter spent roughly six months trying to persuade ARG (through AR Global) to engage in the Sale and Leaseback Transaction.

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160. On March 1, 2018, Hutter and Douglass met with AR Global's Chief Executive Officer and Executive Vice President in New York. During that meeting, Hutter and Douglass touted UPG's business model and promised that UPG was a well-capitalized conglomerate. Any investment in Maksteel (the operating brand name of UP Central Leasing), AR Global was told, was an investment in UPG because (i) UPG would be providing financial and operational backing for Maksteel, as it did for each of the entities it acquired, (ii) its portfolio companies would be cross-collateralized, and (iii) the greater Plaintiff's investment into UPG and its entities, the more secure it would be.

161. To further attract AR Global's investment, on or about April 1, 2019, Hutter represented that UP Investment Holdings, doing business as "Union Partners" (i.e., UPG) could serve as Guarantor for the transaction. According to Hutter, UP Investment Holdings was the ultimate parent company of all of UPG's portfolio companies and was worth hundreds of millions of dollars. UP Investment Holdings even issued a Guarantor Estoppel Certificate reflecting that its guaranty was intended to "induce Buyer to acquire the Premises" and that ARG could rely on "the truth of the matters set forth in the Certificate." (Ex. D.)

162. Ultimately, AR Global and ARG agreed to enter into the Sale and Leaseback Transaction on April 10, 2019, and the transaction closed on May 20, 2019. At closing, UPI MP paid approximately $660,000 from the proceeds directly to Union Partners as an "Advisor Fee."

163. AR Global and ARG's decision to close the Sale and Leaseback Transaction was premised on two very fundamental assumptions directly fueled by Hutter's and Douglass' misrepresentations: (a) that the risk of investing in UP Central Leasing was mitigated by the fact that UPG would be working to keep UP Central Leasing stable and profitable; and (b) UPG – the

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ultimate parent company of UP Central Leasing and multiple other steel companies – would ensure that UP Central Leasing was paying Rent.

164. Neither of these basic premises was true.

165. First, Defendants knew that UPG treats its entities as shell companies without any independent existence, but rather keeps each undercapitalized, separately siloed for asset-protection purposes, and not cross-collateralized. By increasing the size of their investment in UPG, AR Global and ARG did in fact benefit UPG, but unknowingly harmed themselves. In reality, Defendants planned to liquidate UP Central Leasing's assets and leave nothing of UP Central Leasing but its corporate form, in an attempt to shield Defendants from liability to UP Central Leasing's creditors. Upon information and belief, this tactic was part of a greater scheme perpetrated by Hutter and Douglass to squeeze as much cash from acquired companies as possible to the detriment of those companies and those companies' creditors.

166. Second, Hutter purposely created confusion as to what UP Investment Holdings even was. Hutter knew that UP Investment Holdings was *not* the same company as UPG, and that it was not the ultimate parent company of UP Central Leasing and Maksteel, either. Rather, UP Investment Holdings was a *subsidiary* of UPG. Upon information and belief, the financial figures Hutter provided regarding UP Investment Holdings' valuation were actually for UPG. UP Investment Holdings was never going to be the last stop for profits flowing upstream from UPG's portfolio companies. It was just another shell, and UP Investment Holdings' Guaranty was effectively worthless.

167. ARG agreed to purchase the Property from UPI MP and to lease it back to UP Central Leasing. In doing so, ARG justifiably relied on Defendants' collective promises and misrepresentations.

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168. As a direct consequence of Defendants' false promises, ARG has suffered money damages in the amount of the purchase price of the Property.

WHEREFORE, ARG respectfully requests that this Court:

(i) Enter judgment in favor of ARG and against Defendants, awarding monetary damages in an amount to be determined by the Court, including:

(1) The purchase price of the Property; and

(2) The present value of the Rent due for the remainder of the lease term; and

(3) Any remaining actual costs suffered by ARG proximately caused by its reliance on Defendants' fraudulent misrepresentations;

(ii) Award punitive damages in an amount to be determined by the Court; and

(iii) Grant to ARG its reasonable attorneys' fees and costs; and

(iv) Grant to ARG any and all further relief as the Court may deem just and proper.

COUNT V: FRAUDULENT TRANSFER [740 ILCS 160/5(a)(1)][7]

(ARG v. All Defendants)

169. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

170. ARG was led by Defendants to believe that the crux of the Sale and Leaseback Transaction was that ARG would be purchasing the Property and leasing it back to UP Central Leasing, which operated on the property under the Maksteel brand. While ARG was negotiating the purchase of the Property from UPI MP, Defendants led ARG to believe it would be purchasing

[7] Plaintiff raises its fraudulent transfer counts under Illinois' iteration of the Uniform Fraudulent Transfer Act ("UFTA"). 740 ILCS 160/1 *et seq.* A choice of law analysis between Illinois' UFTA and Michigan's UFTA, MCLS § 566.31, *et seq.*, is unnecessary because for purposes of Plaintiffs' fraudulent transfer claims, there is no actual conflict between 740 ILCS 160/1 and its analog under Michigan law, MCLS § 566.34. *See Townsend v. Sears, Roebuck & Co.*, 227 Il.2d 147, 155-56 (2007) ("A choice-of-law determination is required only when a difference in law will make a difference in the outcome.").

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the Property and leasing it back to UP Central Leasing, an operating company that would provide a return on investment. The capital infusion provided consequent to the Sale and Leaseback Transaction, ARG believed, would put UP Central Leasing in a good position to operate its business profitably and provide a return on ARG's investment.

171. In fact, Defendants purposefully structured the Sale and Leaseback Transaction with actual intent for UP Central Leasing to hinder, delay and defraud ARG so that the capital infusion meant for UP Central Leasing actually went directly to UPG (and ultimately to Hutter and Douglass) instead of UP Central Leasing. Indeed, over $660,000 of the proceeds went directly to UPG as an "Advisor Fee."

172. It was Defendants' design that ARG be made to believe that it was leasing the Property back to a company that would be in a position to pay Rent under the Lease. Defendants knew that ARG would not enter into the transaction if it knew that Defendants had no interest in keeping UP Central Leasing as a solvent company for the duration of the lease term.

173. Moreover, UP Central Leasing generated income from its operations since the Sale and Leaseback Transaction. However, Defendants caused UP Central Leasing to transfer such income and other property to themselves or UPG's other affiliates, leaving UP Central Leasing insolvent. Defendants caused UP Central Leasing to act with actual intent to hinder, delay, or defraud ARG so that it would be unable to pay Rent and any other debts as they became due.

WHEREFORE, ARG respectfully requests that this Court:

(i) Enter judgment in favor of ARG and against Defendants, avoiding the transfers described in this Count to the extent necessary to satisfy ARG's claim, according to proof;

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(ii) Order an attachment in ARG's favor and against the transferred assets described in this Count or any other property of Defendants;

(iii) Require Defendants to disgorge to ARG any and all proceeds and profits stemming from the fraudulent transfers described in this Count;

(iv) Award punitive damages in an amount to be determined by the Court;

(v) Grant to ARG its reasonable attorneys' fees and costs; and

(vi) Grant to ARG any and all further relief as the Court may deem just and proper.

COUNT VI: FRAUDULENT TRANSFER [740 ILCS 160/5(a)(2)]

(ARG v. All Defendants)

174. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

175. Defendants caused UPI MP to transfer the proceeds from the Sale and Leaseback Transaction to themselves or UPG's affiliates rather than UP Central Leasing. In exchange for UP Central Leasing's role in the Sale and Leaseback Transaction, Defendants did not provide reasonably equivalent value to UP Central Leasing. The entire purchase price for the Property was paid to the order of UPI MP. And over $660,000 of the purchase price was routed directly to UPG.

176. Because UP Central Leasing did not receive reasonably equivalent value for its role in the Sale and Leaseback Transaction, in entering into and performing under the Lease, UP Central Leasing was engaged in business and transactions for which its remaining assets were unreasonably small.

177. Because UP Central Leasing did not receive reasonably equivalent value for its role in the Sale and Leaseback Transaction, UP Central Leasing, acting through Defendants, believed or reasonably should have believed that it could not sustainably make payments pursuant to the Lease and that it would not be able to pay other debts incurred as they became due.

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178. UP Central Leasing generated income from its operations since the Sale and Leaseback Transaction. However, Defendants caused UP Central Leasing to transfer such income and other property to themselves or UPG's other affiliates without UP Central Leasing receiving reasonably equivalent value in exchange for such transfers.

179. UP Central Leasing, acting through Defendants, believed or reasonably should have believed that it would be unable to make payments pursuant to the Lease and that it would not be able to pay any other debts incurred as they became due if it transferred the income and property generated from its operations to Defendants.

180. By making transfers of its income and other property generated from its operations to Defendants, UP Central Leasing was forced to engage in business and transactions for which its remaining assets were unreasonably small in relation to its ongoing obligations, including its obligations to pay Rent under the Lease.

WHEREFORE, ARG respectfully requests that this Court:

(i) Enter judgment in favor of ARG and against Defendants, avoiding the transfers described in this Count to the extent necessary to satisfy ARG's claim, according to proof;

(ii) Order an attachment in ARG's favor and against the transferred assets described in this Count or any other property of Defendants;

(iii) Require Defendants to disgorge to ARG any and all proceeds and profits stemming from the fraudulent transfers described in this Count;

(iv) Award punitive damages in an amount to be determined by the Court;

(v) Grant to ARG its reasonable attorneys' fees and costs; and

(vi) Grant to ARG any and all further relief as the Court may deem just and proper.

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August 14, 2025

Respectfully Submitted,

By: /s/Evan J. Seeder

Evan J. Seeder
LOEB & LOEB LLP
321 N. Clark Street, Suite 2300
Chicago, IL 60654
312.464.3100
Firm # 44491
eseeder@loeb.com

Evan K. Farber
(pro hac vice)
Bethany D. Simmons
(pro hac vice)
LOEB & LOEB LLP
345 Park Avenue
New York, NY 10154
212.407.4000
efarber@loeb.com
bsimmons@loeb.com
Attorneys for Plaintiff

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VERIFICATION BY CERTIFICATION

Under penalties as provided by law pursuant to section 1-109 of the Illinois Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he verily believes the same to be true.

EXECUTED on this 14th day of August 2025.

Jesse Charles Galloway,
Executive Vice President, General Counsel
Global Net Lease, Inc.

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IN THE CIRCUIT COURT OF COOK COUNTY ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION

FILED
8/14/2025 10:28 PM
Mariyana T. Spyropoulos
CIRCUIT CLERK
COOK COUNTY, IL
2025L006760
Calendar, Y

ARG UPDBNMI001, LLC, a Delaware limited liability company,

Plaintiff,

vs.

GENX LEASING PARTNERS LLC f/k/a UP CENTRAL LEASING, LLC, a Delaware limited liability company; UPI MP, LLC, a cancelled Delaware limited liability company; UP INVESTMENT HOLDINGS, LLC, a Delaware limited liability company; UPG ENTERPRISES, LLC, f/k/a UNION PARTNERS I LLC, a Delaware limited liability company; CHRISTOPHER HUTTER, an individual, and PAUL DOUGLASS, an individual,

Defendants.

CASE NO.: 2025 L 006760

Judge John J. Tully, Jr.

Room 2004, Calendar Y

AFFIDAVIT REGARDING DAMAGES SOUGHT

With respect to Plaintiff's claims in this matter, Evan J. Seeder states as follows:

1. The affiant is one of the attorneys of record for Plaintiff in this matter.

2. Pursuant to Illinois Supreme Court Rule 222(b), the total money damages sought in this civil action exceed $50,000.00.

Under penalties as provided by law pursuant to section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct.

FURTHER AFFIANT SAYETH NAUGHT.

Executed this 14th day of August, 2025.

By: _____
Evan J. Seeder

EXHIBIT C

FILE COPY

IN THE CIRCUIT COURT OF HAMILTON COUNTY, TENNESSEE
FOR THE ELEVENTH JUDICIAL DISTRICT AT CHATTANOOGA

ARG LSWYGMI001, LLC a Delaware limited liability company,

Plaintiff,

vs.

MAKSTEEL USA, LLC, a Delaware limited liability company as successor in interest of LEE STEEL HOLDINGS, LLC, a dissolved Delaware limited liability company; LS RE LLC, a cancelled Delaware limited liability company; UPG ENTERPRISES, LLC, f/k/a UNION PARTNERS I LLC, a Delaware limited liability company; CHRISTOPHER HUTTER, an individual; and PAUL DOUGLASS, an individual,

Defendants.

CASE NO.: 25C708

DIVISION:

FILED IN OFFICE
2025 JUN -2 PM 4:06
LARRY L. HENRY, CLERK
BY _____ D.C.

COMPLAINT

Plaintiff ARG LSWYGMI001, LLC ("Plaintiff" or "ARG"), through its attorneys, Miller & Martin PLLC and Loeb & Loeb LLP, states as its Complaint against Defendants as follows:

INTRODUCTION

1. Plaintiff is the landlord of the industrial real property at 5875 Weller Court Southwest, Wyoming, Kent County, Michigan (the "Property"), which it bought from, and leased back to, subsidiaries of Defendant UPG Enterprises, LLC ("UPG"). UPG purports to be a holding company for a portfolio of steel companies, and it is owned and controlled by Defendants Christopher Hutter ("Hutter") and Paul Douglass ("Douglass").

2. In a typical sale and leaseback transaction, the purchaser buys the seller's real property and agrees to lease that property back to the seller after the sale. Generally speaking, the

principal purpose of a sale and leaseback transaction is to provide a capital infusion to the seller while allowing the buyer an opportunity to invest in the asset and the future rents it generates. That is what happened here: through a coordinated set of transactions (the "Sale and Leaseback Transaction"), Plaintiff bought the Property from Defendant LS RE, LLC ("LS RE") and leased it back to Lee Steel Holdings ("Lee Steel"), both of which are subsidiaries of UPG.

3. Plaintiff's affiliates had previously entered into other sale and leaseback agreements with UPG-related entities. This Sales and Leaseback Transaction was part of a larger business strategy for both entities. Plaintiff's parent company, a real estate investment venture, was seeking to expand its real estate holdings. UPG was seeking to purchase more steel companies, and in order to do so, it needed the cash infusion that would come from selling the underlying properties. At the time of the Sale and Leaseback Transaction at issue here, it seemed to Plaintiff that the prior transactions had gone smoothly, and the other UPG tenants in Plaintiff's parent company's portfolio were paying rent. Plaintiff did not know, however, that many of the underlying representations that UPG, Hutter, and Douglass made in those prior transactions were false, and that they fully intended to extract the operating companies' cash and stop paying rent once there were no more sale and leaseback transactions with which to entice Plaintiff's affiliates.

4. Even though its experiences to date had been smooth, Plaintiff remained concerned about this transaction and insisted on doing its due diligence. By spending money to buy the Property in anticipation of receiving a steady stream of rental income, Plaintiff was effectively making a long-term investment in its tenant, Lee Steel. During negotiations leading up to the Sale and Leaseback Transaction, Defendants led Plaintiff to believe that an investment in Lee Steel would be safe because Lee Steel would be backed by the financial might of UPG, an entity that

earned hundreds of millions of dollars per year. Hutter and Douglass assured Plaintiff that UPG was flush with profits from UPG's various portfolio companies.

5. With the prior experiences of Plaintiff's affiliates and the ostensibly trustworthy assurances that Defendants provided, Plaintiff had every reason to believe that the transaction with LS RE would be a successful and profitable deal. As such, Plaintiff agreed to enter into the Sale and Leaseback Transaction with LS RE.

6. But Lee Steel's successor in interest, Defendant Maksteel USA, LLC ("Maksteel"), has been having difficulty paying rent. This year, it has failed to pay Base Rent, operating expenses, real estate taxes, and insurance cost reimbursements, among other costs. As a result, Maksteel is in breach of its lease with Plaintiff. Plaintiff seeks to recover monies owed under the lease by its tenant, Maksteel. However, Maksteel's default under the lease is just the tip of the iceberg.

7. As it turns out, the transaction between Plaintiff and LS RE, was both symptomatic and part of a web of fraud and deceit. UPG had no plan for making Lee Steel or Maksteel successful. In fact, UPG, Hutter, and Douglass planned only to loot the companies in the future. This was part of UPG's real business model.

8. UPG manages its portfolio companies through a complicated morass of shell companies. Through these companies, UPG shifts money freely between entities, often leaving no paper trail. Such transfers are made to evade creditors or to coax lenders into offering loans. Ultimately, however, UPG and its myriad affiliates served a different purpose: to compensate Hutter and Douglass as much as possible, whether through exorbitant dividends, luxury cars, trips on private jets, and similar perks, at the expense of creditors and investors like Plaintiff.

9. Defendants thus lied to Plaintiff when they said that Lee Steel would be set up for success. Plaintiff relied on this misrepresentation when it decided to enter into the transaction.

10. Lee Steel and Maksteel would have only as much capital as UPG, Hutter, and Douglass allowed them to have. That means that Maksteel – by virtue of the frequency and widespread use of intercompany transfers among UPG companies – can effectively afford to pay as much or as little rent as Hutter and Douglass please. As such, any failure by Maksteel to pay rent is the responsibility of UPG, Hutter, and Douglass. Because UPG, Hutter, and Douglass used these companies as their alter egos, they should be treated as such, and UPG, Hutter, and Douglass should be equally liable for Maksteel's debts. Defendants are also liable for fraudulent misrepresentations and fraudulent transfer, as well as for other money damages and equitable relief.

THE PARTIES

11. Plaintiff ARG LSWYGMI001, LLC ("ARG") is a real estate investment company organized as a Delaware limited liability company, which has its principal place of business at 650 Fifth Avenue, 30th Floor, New York, New York 10019. ARG was created to facilitate the Sale and Leaseback Transaction. ARG is wholly owned by Global Net Lease, Inc., a Maryland corporation operating as a real estate investment trust ("GNL"). GNL is the successor in interest to AR Global Investments, LLC ("AR Global"). ***ARG owns the Property and, as successor in interest to LS RE, is Maksteel's landlord.***

12. Defendant Maksteel is a steel service center that operates at, among other locations, the Property. Maksteel was organized as a limited liability company in the state of Delaware on January 23, 2019, and its principal place of business is 1400 16th Street, Suite 250, Oak Brook, Illinois. Christopher Hutter and Paul Douglass serve as Maksteel's managers. The ultimate

beneficial owner of Maksteel is UPG Enterprises, LLC ("UPG"). ***Maksteel, as successor in interest to Lee Steel, is the current tenant at the Property.***

13. Upon information and belief, Defendant LS RE is a Delaware holding company that was organized as a limited liability company on August 15, 2015. LS RE's principal place of business is 1400 16th Street, Suite 250, Oak Brook, Illinois. LS RE is managed by Christopher Hutter and Paul Douglass. Upon information and belief, the ultimate beneficial owner of LS RE is UPG. LS RE qualified to do business in Michigan on August 25, 2015, but lost its good standing to do so on March 1, 2023. The state of Delaware cancelled LS RE's limited liability company status on June 1, 2024 for failing to pay taxes. ***ARG purchased the Property from LS RE.***

14. Defendant UPG is a Delaware limited liability company organized on August 11, 2014 as Union Partners I, LLC. The company changed its name to UPG on or about July 3, 2019. (For purposes of this Complaint, Plaintiff will refer to this entity as "UPG.") UPG is an investment holding company and acquisition vehicle in the metal services sector with a principal place of business at 1400 16th Street, Suite 250, Oak Brook, Illinois. Defendants Hutter and Douglass are co-founders, co-owners, and managers of UPG. ***UPG is the ultimate beneficial owner and controller of Maksteel, LS RE, and other related entities.***

15. Defendant Hutter is an Illinois resident. Hutter is a private equity investor and co-founder of UPG alongside Douglass. Over the course of his career, Hutter has served as a manager or officer of over 300 companies, including some 115 companies that are actively doing business in the states of Illinois and Michigan, among others. Through UPG, Hutter and Douglass control Maksteel, LS RE, and other related entities. Hutter owns fifty percent of the outstanding membership units of UPG.

16. Defendant Douglass is an Illinois resident. He holds a juris doctor degree from Northwestern University. Douglass co-founded UPG with Hutter and claims to have extensive experience in the acquisition and ownership of steel service centers. Through UPG, Douglass and Hutter control Maksteel, LS RE, and other related entities. Douglass owns fifty percent of the outstanding membership units of UPG.

JURISDICTION AND VENUE

17. This Court has subject-matter jurisdiction over this matter pursuant to Tenn. Code Ann. § 16-10-101.

18. This Court has personal jurisdiction over Defendants pursuant to Tenn. Code Ann. §§ 20-2-214(a) and 20-2-225(2).

19. Venue is proper in this Court pursuant to Tenn. Code Ann. § 20-4-104(3)(B).

20. In addition, jurisdiction and venue are proper in this Court because the parties have contractually agreed to litigate disputes arising from the lease agreement subject to this Complaint in the Tennessee state courts in Hamilton County.

21. Maksteel, UPG, Hutter, and Douglass have all conducted business in the State of Tennessee. For example, Maksteel lists a Chattanooga, Tennessee address on its advertisements and states that it is "Powered By UPG." *See* https://upgllc.com/wp-content/uploads/2020/01/MakLocations_FINAL_Small.pdf (last visited May 23, 2025). UPG employs a number of individuals in Chattanooga, Tennessee. *See* https://www.linkedin.com/in/laura-land-799887274/ (last visited May 23, 2025). Maksteel also operated a toll processing facility in Chattanooga, Tennessee prior to 2024.

BACKGROUND

A. Hutter and Douglass Found and Aggressively Expand UPG

22. Private equity investors Hutter and Douglass founded Union Partners I, LLC – now known as UPG – on or about August 11, 2014. UPG was formed to hold and operate companies in the metals sector. Hutter and Douglass each own 50% of the issued and outstanding membership interests in UPG.

23. UPG's business model is relatively simple. Either directly or through subsidiaries, UPG obtains control over often distressed companies in the metals sector through any means available. For instance, UPG has directly or indirectly acquired companies through bankruptcy sales, asset purchases, mergers, and hostile takeovers. These sometimes-underhanded tactics have often provoked backlash; for instance, a 2020 hostile takeover of Synalloy Corp. spurred public accusations that UPG had made "patently false claims" regarding Hutter's biography and other matters.

24. The companies in UPG's portfolio are held either directly by UPG or through a byzantine web of shell companies with interlocking (and confusing) ownership structures. Hutter and Douglass are the ultimate beneficial owners of all of these companies, and they manage them together. Hutter or Douglass have at one time or another managed each of these companies. For example, Hutter is listed as the manager for hundreds of limited liability companies in Illinois and Michigan, alone. UPG employs so many shell entities that Hutter and Douglass have at times lost track of which entity serves what purpose.

25. UPG and its affiliates operate out of the same office suite in Oak Brook, Illinois. None of UPG's shell companies observe corporate formalities. There are, for example, few if any minutes from board meetings or managers' meetings because such meetings generally do not

occur. UPG also often fails to take steps to preserve the legal status of its subsidiaries. LS RE, for example, was cancelled by the state of Delaware for failing to pay its taxes in 2024.

26. In just ten years, UPG indirectly or directly acquired at least fifteen industrial operating companies, primarily in the metals industry. Six of these companies were acquired in 2018 and 2019 alone.

27. Although it is a self-described investment holding company, UPG also claims to perform a vast swath of purportedly "non-core" operations for its portfolio companies as part of its business model. Among the operations it claims to perform for its portfolio companies are IT, marketing, human resources, finance, sales, purchasing, logistics, and operations. In reality, by handling all of these functions, UPG in essence operates the portfolio companies directly.

28. Publicly, UPG reports having between 1,000 and 5,000 employees. However, upon information and belief, no more than 200 employees (and perhaps far fewer) work for UPG directly. This means that no more than 200 people are tasked with providing all of the operational and other support services for a large portfolio of companies in the metals sector that collectively purportedly earn hundreds of millions of dollars.

29. By June 2020, UPG touted $725 million in annual revenue. Since that time, upon information and belief, UPG's estimates of annual revenue have increased to over $1 billion. UPG's net income in any given year is significantly less. For example, in 2018, UPG reported $712,059,000 in annual revenue, but only $46,844,000 in net income.

30. As of the date of this filing, two of UPG's larger portfolio companies, Contractors Steel Company ("Contractors Steel") and Lamination Specialties, LLC, are purportedly insolvent. In addition to Maksteel, other UPG affiliates, UP Central Leasing, LLC and Mapes & Sprowl, LLC, have also had chronic difficulty paying rent on time. Both UPG and its portfolio companies,

upon information and belief, routinely fail to pay their vendors. Indeed, UPG has been recently named in at least ten lawsuits filed by creditors because UPG failed to pay invoices or repay debt, among other grounds (some including fraud).[1] UPG's portfolio companies are struggling and even failing despite what has been a thriving steel market during the past decade.

31. The failure of companies in UPG's portfolio like Contractors Steel is by design. UPG, Hutter, and Douglass do not have strategic growth plans for the companies acquired by UPG. Instead, upon information and belief, UPG attempts to extract value from each company through consolidation, liquidation, or other methods.

32. Hutter and Douglass freely shift money between UPG affiliates, often without any sort of documentation. For example, when an entity would need to show a certain level of working capital to obtain a loan, Hutter and Douglass would shift assets or receivables to satisfy the lender. Once the lender was satisfied, Hutter and Douglass would shift the transferred funds back to UPG, to other UPG affiliates, or to themselves.

33. Above all else, Hutter and Douglass take great pains to ensure they are personally able to extract as much value from UPG and its affiliates as possible, often at the expense of these

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[1] *See* Complaint, *Pacific Steel Projects, Inc. v. Bormann Metal Center, et al.*, No. CVRI2405288 (Cal. Sup. Ct.), filed September 20, 2024; Complaint, *AIM Leasing Co. v. UPG Enterprises*, No. 4:24-cv-02163 (N.D. Ohio), filed November 5, 2024; Complaint, *Nexgen Metals, Inc. v. Borrmann Metals Center*, No. 24STCV31766 (Cal. Sup. Ct.), filed December 3, 2024; Complaint, *Universal Marketing, LLC v. UPG Enterprises, LLC*, No. 2025-LM-000006 (Ill. Cir. Ct. Kane Cty.), filed January 16, 2025; Complaint, *Wedeen v. UPG Enterprises, LLC*, No. 2:25-cv-00696 (C.D. Cal.), filed January 27, 2025; Complaint, *ARG LSCHIL001, LLC, et al. v. Lamination Specialties, LLC, et al.*, No. 2025 L 2308 (Ill. Cir. Ct. Cook Cty.), filed February 14, 2025; Complaint, *Transportation Commodities, Inc. v. UPG Enterprises, LLC*, No. 4:25-cv-00577-CAB (N.D. Ill.), filed March 24, 2025; Complaint, *Intersoft Data Labs, Inc. v. UPG Enterprises, LLC*, No. C-13-CV-25-000309 (Md. Cir. Ct.), filed April 7, 2025; Complaint, *ARG UPDBNMI001, LLC v. GenX Leasing Partners LLC, et al.*, No. 2025L006760 (Ill. Cir. Ct. Cook Cty), filed May 23, 2025; Verified Complaint, *Sentinel Technologies, Inc. v. UPG Enterprises LLC*, No. 2025LA000623 (Ill. Cir. Ct. DuPage Cty) filed May 23, 2025.

companies. For example, Hutter and Douglass cause UPG to issue large dividend payments to themselves. Hutter and Douglass also cause UPG entities to pay management fees to a separate entity they created which exists only to provide themselves with various luxury perks, such as chartered trips on private jets and luxury cars.

34. UPG has had at least seven Chief Financial Officers since 2019. Several of these individuals, along with other C-suite executives, departed UPG because of financial impropriety.

35. Hutter and Douglass have controlled UPG during all times relevant to this Complaint.

36. Upon information and belief, UPG affiliates are leveraged to a great extent, and the lion's share of profits or loan proceeds are piped up to UPG or its affiliates at the direction of Hutter and Douglass.

B. ARG Becomes the Owner of the Property and Maksteel's Landlord

1. UPG, through LS RE, acquires the Property

37. Lee Steel Corporation ("Old Lee Steel"), a well-known steel service center, operated out of the Property for decades. On April 13, 2015, Old Lee Steel filed for Chapter 11 bankruptcy. UPG purchased the Property from Old Lee Steel's bankruptcy estate for $5,700,000. The property was conveyed to LS RE, which, upon information and belief, UPG created on September 17, 2015 to hold the Property. UPG concurrently formed Lee Steel, purportedly to use as the operating company on the Property.

38. Three days before it owned the Property, on September 14, 2015, LS RE, as Landlord, entered into a lease agreement with Lee Steel, as Tenant (the "Lease"). The Lease was for an initial term of thirteen years, with Base Rent starting at $675,000 and progressively increasing, and a management fee of one percent of Base Rent then in effect. By its terms, the Lease commenced on the day "of the closing of the transaction contemplated by the Real Estate

Purchase Agreement between Lessor and Lessee, pursuant to which Lessor will purchase the Premises from Lessee." A true and correct copy of the Lease is attached to this Complaint as **Exhibit A.**

39. Hutter executed the Lease on behalf of LS RE in his capacity as its manager. Douglass signed on behalf of Lee Steel in his capacity as its manager.

40. Roughly one year later, Berg Steel Holdings LLC ("Berg Steel") agreed to serve as Guarantor of Lee Steel's obligations under the Lease, as reflected by a written agreement that was executed on September 22, 2016 (the "Guaranty"). Berg Steel was another UPG subsidiary created when UPG acquired Berg Steel's predecessor in August 2016. Douglass signed the Guaranty on behalf of Berg Steel as its manager. A true and correct copy of the Guaranty is attached to this Complaint as **Exhibit B.**

*2. **AR Global negotiates the Sale and Leaseback Transaction***

41. In early 2018, Hutter reached out to ARG's predecessor, AR Global, to gauge its interest in the Sale and Leaseback Transaction. LS RE, through Hutter, and AR Global reached an agreement on the material terms of a deal. AR Global agreed to buy the Property for approximately $8.7 million in cash and lease it back to Lee Steel. The parties agreed that ARG would step into LS RE's shoes as Lee Steel's landlord, and Berg Steel would serve as guarantor for Lee Steel's obligations under the Lease.

42. AR Global had previously negotiated and entered into other sale and leaseback transactions with UPG. Although the properties and the individual entities on each side were different, the essential features of the transactions were the same. UPG would be seeking a cash infusion either to acquire a steel company or for operational use by one of its portfolio companies. UPG would then offer to sell the underlying properties to AR Global and lease them back from

AR Global, thus providing itself the cash infusion UPG sought, and providing AR Global with real estate holdings and a steady stream of rental income with which to recoup its investment.

43. These prior transactions had all gone smoothly – or so AR Global believed. In fact, however, things were not as they seemed. The prior transactions were riddled with misrepresentations and fraudulent practices by UPG, Hutter, and Douglass. Among other things, and without AR Global's knowledge, UPG, Hutter, and Douglass repeatedly offered guaranties from and otherwise signed transaction documents through entities which did not exist, which they did not actually own, or which they merged out of existence within days of execution.

44. Beyond deal terms, Hutter and Douglass represented to AR Global that UPG would be a well-capitalized conglomerate, with UPG providing financial and operational backing for each of the entities it acquired, and that the various entities would be cross-collateralized. That would not only minimize ARG's risk as a future landlord, but it would also be affirmatively good business for ARG, since it would be helping to build an integrated business, which would pay it escalating rents at an increasing number of sites in a high-yield industry and a low-risk environment for years to come. In short, Hutter and Douglass led AR Global to believe that supporting and effectively financing UPG's intended roll-up of steel companies under one umbrella would be good business not only for UPG but also for ARG. ARG believed and reasonably relied on these representations.

3. ***The Sales and Leaseback Transaction closes***

45. On February 9, 2018, LS RE and AR Global entered into an Agreement for Purchase and Sale of Real Property ("Purchase Agreement") under which LS RE agreed to sell the Property to AR Global and its assignees for a combined total of $8,771,560. A true and correct copy of the Purchase Agreement is attached to this Complaint as **Exhibit C**.

46. On March 21, 2018, the Sale and Leaseback Transaction closed, and LS RE conveyed the Property to ARG. Hutter signed the Purchase Agreement on behalf of LS RE as its manager.

47. Among other closing costs, LS RE paid "disposition fees" to Union Partners LLC, a UPG affiliate, in the amount of $438,578.

48. Net of its mortgage, certain charges, taxes, and miscellaneous costs, LS RE received $4,108,812.18 for the Property.

49. Contemporaneous with closing, LS RE assigned to ARG all of its "right, title and interest" in the Lease and the Guaranty, and all security deposits. A true and correct copy of this Assignment and Assumption of Leases, Guarantees and Security Deposits (the "Assignment") is attached to this Complaint as **Exhibit D.** Hutter signed the Assignment on behalf of LS RE in his capacity as manager.

50. Upon information and belief, virtually none of the proceeds from the Sale and Leaseback Transaction were directed to Lee Steel, the operating company. Instead, upon information and belief, LS RE either kept for itself what should have been a capital infusion for Lee Steel or transferred the money to UPG directly or through an affiliate. This, of course, would include the $438,578 fee taken out of the purchase price that went to UPG at closing.

51. Without this capital infusion, upon information and belief, Lee Steel's long-term financial health and stability was jeopardized.

52. Lee Steel merged into UPG-owned Maksteel on or about February 28, 2019. Maksteel also acquired Berg Steel in the same transaction. ARG consented to the merger only because UPG, Hutter, and Douglass caused it to believe that it was well-capitalized and a safe investment. Consequently, Maksteel acquired Lee Steel's interest in the Lease as Tenant.

C. The Terms of the Lease

53. The Lease is governed by and to be construed in accordance with Michigan law. (Ex. A § 29.6.)

54. The Lease contains a venue provision. Specifically, Landlord and Tenant agreed that if either party "desires to bring an action against the other in connection with this Lease, such action will be brought either in the state courts in Hamilton County, Tennessee or in the federal courts located in Chattanooga, Tennessee[.] Landlord and Tenant consent to the jurisdiction of such courts and waive any right to have such action transferred from such courts on the grounds of improper venue or inconvenient forum." (*Id.* § 20.6.)

55. On September 14, 2015, pursuant to the Lease, Landlord LS RE agreed to lease the Property to Lee Steel for a period of thirteen years in exchange for annual Base Rent in the initial amount of $675,000, payable in equal monthly installments. (*Id.* at 1-3.) The parties agreed that the Base Rent would increase by one percent each year, and Tenant also agreed to pay annual Management Fees in the amount of one percent of the annual Base Rent then in effect. (*Id.* at 1.) The current amount of monthly Base Rent for the Property is $61,519.80, as of May 1, 2025.

56. "Rent" is defined in the Lease to include Base Rent, Management Fees, Tax Charges, and Expense Charges as specified in sections 3.1, 3.3, 4.1, among others, of the Lease. (*See id.*)

57. The parties also agreed that the Base Rent would be "absolutely net" to Landlord, or what is commonly known as "triple net." (*Id.* § 3.4.) As such, in addition to Base Monthly Rent, Tenant agreed to be responsible for "each and every item of Taxes and operating expenses of every kind and nature whatsoever, the payment of which Landlord is, shall, or may become liable for by reason of its estate or interest in the [property]. . . ." (*Id.* § 3.4; *e.g.*, *id.* §§ 3.1, 3.3.)

58. As a portion of its Rent, Tenant agreed to reimburse Landlord for premiums paid on Commercial General Liability and Loss of Rent insurance policies for the Properties. (*Id.* § 14.1.)

59. The Lease also requires Tenant to pay all taxes, assessments and fees "levied upon or against the Premises, or the rents collected therefrom, by any governmental entity based upon the ownership, leasing, renting, or operation of the Premise, including all reasonable costs and expenses of protesting such taxes, assessments or fees." (*Id.* §§ 4.1, 4.2.)

60. According to the Lease, in the event Tenant fails to pay Rent within five days after it is due, Landlord may assess a Late Charge in the amount of the greater of "(i) $500, or (ii) 5% of the past due payment or installment of rent." *(Id.* § 3.6.)

61. The parties agreed that Rent would be paid to Landlord "or to such other party or to such other address as Landlord may hereafter designate by written notice to Tenant." (*Id.*)

62. Tenant further agreed that it would pay interest on past due Rent at a "Default Rate" of the lesser of (i) one percent per month, or (ii) ten percent plus the corporate base rate of interest announced periodically by Bank of America as the "Prime Rate," but in no event higher than the maximum rate permitted by applicable law. (*Id.* § 3.6.) In addition, interest on past due rent begins to accrue from the fifth day following the date Rent is due. (*Id.*)

63. Once Rent becomes past due, Tenant's failure to pay Rent within five days constitutes a "Default" by the Tenant under the Lease. (*Id.* § 20.1(1).) Other events of Default include a "default by any guarantor under the lease," the "dissolution of any Tenant or of any guarantor of this Lease," along with the failure of Tenant "to observe or perform any other covenant or obligation of Tenant under the Lease." (*Id.*)

64. As provided in the Lease, if Tenant does not cure any Default within 30 days after receiving written notice of the default from Landlord, Landlord may pursue its remedies under the Lease. (*Id.*)

65. In the event Tenant is in monetary default more than twice within any 12 month period during the Lease term (i.e., when there have been "Chronic Defaults"), section 20.7 of the Lease provides Landlord with the right, among other actions, to "require Tenant to pay all Rent due under this lease by automatic fund transfers from Tenant's bank account[.]" (*Id.* § 20.7.) An election by Landlord to accelerate rent under section 20.7 does not limit Landlord's "other rights and remedies under this Lease, at law or equity[.]" (*Id.*)

66. In addition to termination of the Lease or termination of Tenant's possession of the Property, the Lease provides Landlord with the right to "pursue any of its rights and remedies at Law or in equity[.]" (*Id.* § 20.2.) Landlord's rights under the Lease are cumulative and can "be pursued successively or concurrently as Landlord may elect." (*Id.* § 20.3.)

67. The Lease requires Tenant to reimburse Landlord for "all costs and expenses incurred by Landlord by reason of any Default (including reasonable legal fees)" whether or not a legal action is instituted. (*Id.* § 20.5.) The prevailing party in any litigation to enforce Landlord's rights under the Lease is entitled to legal costs and attorneys' fees. (*Id.*)

68. Landlord has the absolute right to transfer and assign its rights under the Lease. (*Id.* § 29.16.)

69. Under section 29.1 of the Lease, the parties agreed that "each provision of this Lease will extend to, bind and inure to the benefit of Landlord and Tenant and their respective legal representatives, successors, and assigns; and all references herein to Landlord and Tenant will be deemed to include all such parties." (*Id.* § 29.1.)

70. The Lease constitutes the entire agreement between Landlord and Tenant with respect to the Property. (*Id.* § 29.2.)

71. The Lease has not been amended.

D. Maksteel Fails to Meet its Obligations Under the Lease

72. Maksteel became ARG's tenant on the Property when it acquired Lee Steel on or about February 28, 2019.

73. As of January 2025, Maksteel's monthly Base Rent under the Lease increased to $61,519.80, pursuant to the terms of the Lease.

74. On December 2, 2024, ARG billed Maksteel by invoice for the reimbursement of $200,018.16, constituting real estate tax payments ARG made with respect to the Property (the "December Invoice"). Such tax reimbursements constitute "Additional Rent" and therefore "Rent" under the Lease. (Ex. A. §§ 3.1, 3.3.) A true and correct copy of the December Invoice is attached to this Complaint as **Exhibit E**.

75. Maksteel received the December Invoice on the date it was billed, and Maksteel has not since disputed the amounts stated therein.

76. Maksteel failed to reimburse ARG for these real estate Tax Charges.

77. Maksteel failed to pay Base Rent for the month of February 2025.

78. On February 18, 2025, attorneys for ARG notified Maksteel that it had failed to pay Rent in the form of Base Rent for February 2025, Tax Charges, and Expense Charges, and that, as such, Maksteel was in default under section 20 of the Lease. A true and correct copy of this default notice is attached to this Complaint as **Exhibit F.**

79. Maksteel again failed to pay Base Rent for the month of March 2025. It still had not paid Base Rent for February 2025, nor had it reimbursed ARG for real estate tax payments that were billed on December 2, 2024.

80. On March 27, 2025, without any payment of past due Rent from UPG or Maksteel, ARG again notified Maksteel that it was in default of the Lease for failing to pay Rent. A true and correct copy of this default notice is attached to this Complaint as **Exhibit G**.

81. Maksteel again failed to pay Base Rent for the month of April 2025. Though it had subsequently paid Base Rent for February 2025, it still had not paid Base Rent for March 2025 as of April 1 2025, nor had it reimbursed ARG for real estate tax payments that were billed on December 2, 2024.

82. On April 21 2025, ARG again notified UPG and Maksteel that Maksteel was in default under section 20 of the Lease for failing to pay Rent. A true and correct copy of this default notice is attached to this Complaint as **Exhibit H**.

83. ARG billed Maksteel by invoice for tax reimbursement costs to ARG on April 28, 2025 in the amount of $10,718.48 (the "April Invoice"). A true and correct copy of the April Invoice is attached to this Complaint as **Exhibit I**.

84. Maksteel received the April Invoice on the date it was billed, and Maksteel has not disputed the amounts stated therein.

85. Maksteel failed to pay the tax reimbursement costs billed in the April Invoice.

86. On May 1, 2025, ARG billed Maksteel by invoice for Base Rent in the amount of $61,519.80, insurance cost reimbursements in the amount of $495.03, and Management Fees in the amount of $615.20 (the "May Invoice"). Insurance cost reimbursements and Management Fees constitute "Additional Rent" and therefore "Rent" under the Lease. (Ex. A. §§ 3.1, 3.3, 14.1.) A true and correct copy of the May Invoice is attached to this Complaint as **Exhibit J**.

87. Maksteel received the May Invoice on the date it was billed, and Maksteel has not disputed the amounts stated therein.

88. Maksteel failed to pay the Base Rent and charges billed in the May Invoice.

89. As of the time this Complaint is filed, Maksteel has not paid Base Rent for May 2025, Management Fees for the month of May 2025, outstanding insurance reimbursement costs for the month of May 2025, nor has it paid outstanding Tax Charges from December 2, 2024 and April 28, 2025.

90. The amounts stated on the December, April, and May Invoices are justly due and owing to Plaintiff as evidenced by a Sworn Account, which is attached to this Complaint as **Exhibit K**.

91. On May 22, 2025, counsel for ARG notified Maksteel that it was exercising its right under section 20.7 of the Lease to require Maksteel to pay – in addition to the past due Rent already owed – all Rent due through the end of the Lease term. A true and correct copy of ARG's Notice of Acceleration to Maksteel is attached to this Complaint as **Exhibit L.**

92. ARG, as successor to LS RE, fully performed its own obligations under the Lease.

93. As of May 30, 2025, Maksteel owes $1,358,813.17 in Rent for the Property, consisting of:

(a) $61,969.80 in Base Rent;

(b) $615.20 in Management Fees;

(c) $210,736.64 in Tax Charges;

(d) $495.03 in Insurance Recoveries;

(e) $89,051.65 in Late Charges; and

(f) $995,944.85, which constitutes the full amount of Rent due to Maksteel from June 1, 2025 through the end of the Lease on September 30, 2028, discounted to present value.

94. Maksteel owes ARG interest on past due Rent at the Default Rate pursuant to section 3.6 of the Lease.

95. As of the date of this Complaint, Maksteel has failed to pay any of the outstanding Rent owed to ARG under the Lease.

COUNT I: BREACH OF CONTRACT

(ARG v. Maksteel)

96. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

97. LS RE and Lee Steel entered into the Lease, a valid and enforceable lease for the Property.

98. LS RE validly assigned its interest in the Lease to ARG.

99. Maksteel is the successor in interest to Tenant Lee Steel and is bound by the terms of the Lease.

100. As set out in the parties' written Lease, ARG, as successor in interest to Landlord LS RE, agreed to allow Tenant to possess and use the Property for an initial period of thirteen years. In exchange, Tenant agreed to pay Rent to Landlord as specified in the Lease.

101. Tenant agreed to pay a Late Charge for past due Rent in the amount of the greater of $500 or five percent of the past due payment or rent installment.

102. Section 3.6 of the Lease also requires Tenant to pay interest on past due Rent.

103. Under the terms of the Lease, Landlord is entitled to recover its reasonable attorneys' fees and costs by reason of any default, along with fees and costs incurred by Landlord (if it is the prevailing party) in any adversarial proceeding brought concerning the Lease.

104. Landlord ARG, as successor to LS RE in that capacity as Landlord, has fulfilled all its obligations under the Lease.

105. Tenant Maksteel, as successor to Lee Steel, failed to pay all Rent due under the Lease from December 2024 through May 2025.

106. Maksteel's failure to pay continued for more than thirty days after ARG served Maksteel with the Notices of Default. As such, Maksteel is in default of the Lease.

107. Because Maksteel had more than two monetary defaults in a twelve-month period, Maksteel is in Chronic Default under section 20.7 of the Lease. As such, ARG has the right to accelerate Rent under that section of the Lease.

108. ARG notified Maksteel that it was exercising its right to accelerate rent under section 20.7 of the Lease on May 22, 2025.

109. Maksteel's default constitutes a material breach of its obligations under the Lease.

110. As a direct and proximate result of Maksteel's breach, ARG has sustained damages in an amount exceeding the jurisdictional amount of this Court.

COUNT II: BREACH OF CONTRACT / ALTER EGO / PIERCING THE CORPORATE VEIL

(ARG v. UPG, Hutter and Douglass)

111. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

112. Upon information and belief, just one office suite in the suburbs of Chicago hosts over 100 companies that are actively registered to do business in the state of Illinois. Among the many entities that have called Suite 250 at 1600 West 16th Street home are all of the entity Defendants herein: UPG, Maksteel, Lee Steel, and LS RE.

113. UPG is the beneficial owner of each of the other entity Defendants. Its co-founders, Hutter and Douglass, control UPG and its subsidiaries, and either manage these companies directly or manage the parent entities of these companies.

114. Hutter owns half of the outstanding membership interests in UPG. Douglass owns the other half.

115. UPG employs a web of shell entities to attempt to insulate itself from liability. But in fact, UPG operates all of them directly at the parent company level. Among other things, UPG manages the IT, marketing, human resources, finance, sales, purchasing, logistics, and operations functions for each of its entities. By handling all of these functions, UPG in essence operates the portfolio companies itself.

116. Despite its centralized business model, upon information and belief, UPG is meagerly staffed and is thus unable to provide adequate operational support to its affiliates.

117. UPG touts approximately $1 billion in annual revenue across its portfolio. But at the same time, several of its portfolio companies are distressed. Contractors Steel, another company UPG acquired in 2018, is in receivership, and Borrmann Metals Center, a wholly-owned subsidiary of Contractors Steel notified creditors of an assignment for the benefit of creditors on January 24, 2025. Upon information and belief, other companies in UPG's portfolio reportedly routinely fail to pay their bills.

118. UPG, Hutter, and Douglass use entities like (and including) Maksteel to trick lenders into extending credit to other UPG affiliates and to avoid paying creditors.

119. Defendants' pattern and practice of stiffing creditors is on display in allegations from multiple recent lawsuits against the now-insolvent Contractors Steel and its subsidiaries. For example, in *Nexgen Metals, Inc. v. Borrmann Metal Center,* No. 24STCV31766, Superior Court of Los Angeles County, California, a supplier alleges that Borrmann Metal Center failed to pay invoices for products worth more than $500,000. The supplier was allegedly promised by a UPG executive that UPG would pay Bormann's past due invoices, but instead, the supplier's products

were allegedly transferred to a shell company owned by Borrmann's parent companies and UPG never paid the bill. Another creditor has sued UPG directly, claiming that UPG will not honor a Guaranty made for a $5 million promissory note the creditor granted to Contractors Steel as part of a stock purchase agreement. *See Wedeen v. UPG Enterprises, LLC*, No. 2:25-cv-00696 (C.D. Cal.). Not including this lawsuit, creditors have sued for over $20 million in recent suits for breach of contract against UPG or its affiliates.

120. Maksteel, Lee Steel, LS RE and Berg Steel were nothing more than business conduits of Hutter, Douglass, and UPG. Hutter and Douglass had controlling roles in LS RE, Lee Steel, and Maksteel. Like other UPG affiliates, Maksteel is a mere instrument of UPG, which Hutter and Douglass use to keep UPG funded and to finance their own lavish lifestyles.

121. Hutter and Douglass executed the Lease on behalf of Lee Steel and LS RE, respectively. Douglass also executed the Guaranty on behalf of Berg Steel. Far from reflecting arms' length transactions, the Sale and Leaseback Transaction and the Lease were all an exercise in abuse of the corporate form.

122. UPG, Hutter, and Douglass make strategic use of the corporate form, often with two or more UPG affiliate entities separating them from the transaction. UPG's various subsidiaries rarely if ever held annual meetings, took votes, recorded meeting minutes, or observed other corporate formalities.

123. Further, UPG, Hutter, and Douglass fail to take basic steps to preserve the legal status of some of their entities. LS RE, for example, was cancelled as a Delaware entity last year for failing to pay its taxes. UPG, Hutter, and Douglass have not bothered to seek its reinstatement.

124. Defendants' disregard of corporate formalities is also literal. Whether on purpose or the product of carelessness, Hutter and Douglass often get their morass of special purpose

entities confused with one another. For example, in at least one sale and leaseback transaction following a merger, Douglass has signed lease documents on behalf of an acquired company after that company had already dissolved.

125. Hutter and Douglass likewise either intentionally confuse their web of entities or do not keep track of which entity does what. For example, either fraudulently or at best recklessly, Hutter and Douglass have signed legal documents as managers of dissolved companies and likewise confused holding companies for their subsidiaries and vice versa when executing documents.

126. UPG, Hutter, and Douglass have used these shell companies to their advantage in attracting investments. In one instance and in advance of another sale and leaseback transaction, Hutter and Douglass executed leases on behalf of entities before they existed, before UPG owned the buildings at issue, and even before UPG owned the operating company set to become the tenant under the leases. The point of this exercise, of course, was to signal to investors that UPG had already acquired the tenant, owned the building at issue, and was primed to enter into a deal quickly – none of which was true.

127. Likewise, UPG, Hutter, and Douglass have falsely presented worthless subsidiaries as credit-worthy guarantors in various transactions. For example, in one instance, UPG offered AR Global guaranties from an entity that UPG caused to merge out of existence shortly after the guaranty was signed. In another instance, UPG, Hutter, and Douglass offered a guaranty from a dissolved company that a similarly-named UPG subsidiary had recently acquired. In order to make the guaranty palatable to AR Global, Hutter provided it financial figures from the dissolved company rather than the recently-formed subsidiary, which had no financial history.

128. In addition to using shell companies to hoodwink AR Global and other investors into transacting, Hutter and Douglass used their shell companies to shift assets from one corporation to another. For example, when the Sale and Leaseback Transaction closed, LS RE used the proceeds to pay Union Partners (i.e., UPG) a $438,578 "Disposition Fee[.]" Upon information and belief, paying such fees to UPG or UPG-affiliated entities was standard practice for sales and leaseback transactions involving UPG, Hutter, and Douglass.

129. UPG, Hutter, and Douglass also routinely had proceeds from transactions distributed directly to holding companies rather than operating companies like Maksteel. Upon information and belief, operating companies would never receive any portion of these proceeds, which often would have provided them with much-needed capital infusion.

130. More broadly, Hutter and Douglass routinely transferred funds from one UPG subsidiary to another, often in order to deceive lenders and potential investors into believing that the entities were better capitalized than they actually were.

131. Multiple CFOs and other executives of UPG departed shortly after they were hired, upon information and belief, because they recognized and were concerned about the financial improprieties occurring at the company.

132. Consistent with their pattern of treating affiliated entities as little more than ATMs, upon information and belief, Hutter and Douglass make use of subsidiaries' funds for their own benefit and at the expense of the subsidiary being looted. They caused UPG to make excessively large dividends to themselves, and they often secreted funds from UPG-related entities, including Defendants, to themselves or their own personally-owned entities, which in turn funded their luxurious lifestyles.

133. Similarly, UPG, Hutter, and Douglass diverted or caused to be diverted assets away from Maksteel in order to render Maksteel unable to meet its obligations to ARG under the Lease. Upon information and belief, UPG, Hutter, and Douglass have continued thereafter to divert assets away from Maksteel in order to avoid Maksteel's obligations to ARG under the Lease. Thus, UPG, Hutter, and Douglass used their control to commit fraud or wrong and dishonest and unjust acts that have caused injury to ARG.

134. UPG is dominated and controlled by Hutter and Douglass. UPG, Hutter, and Douglass exercise ownership and control over Maksteel such that Maksteel is a mere alter ego of UPG, Hutter, and Douglass and has no separate mind, will, or existence of its own.

135. LS RE and Maksteel entered into the Lease, a valid and enforceable lease for the Property.

136. LS RE validly assigned its interest in the Lease to ARG.

137. ARG, as successor to LS RE, has fulfilled all of its obligations under the Lease.

138. Maksteel is bound by the terms of the Lease as Lee Steel's successor in interest.

139. Maksteel materially breached the Lease by failing to pay all amounts of Rent due for the months of December 2024 through May 2025.

140. Because Maksteel had more than two monetary defaults in a twelve-month period, Maksteel is in Chronic Default under section 20.7 of the Lease. As such, Plaintiff has the right to accelerate rent under that section of the Lease.

141. ARG notified Maksteel that it was exercising its right to accelerate rent under section 20.7 of the Lease on May 22, 2025.

142. As a direct result of Maksteel's breaches, ARG has sustained damages in an amount exceeding the jurisdictional amount of this Court.

143. UPG, Hutter, and Douglass should be held liable for Maksteel's breach because, upon information and belief, Maksteel is a mere alter ego for UPG, Hutter, and Douglass. Recognizing Maksteel as a distinct entity would sanction fraud or promote injustice.

COUNT III IN THE ALTERNATIVE: UNJUST ENRICHMENT

(ARG v. All Defendants)

144. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

145. To the extent the Lease is deemed void, voidable, or otherwise unenforceable, ARG raises this Count in the alternative.

146. ARG purchased the Property from LS RE with the expectation that Lee Steel and any of its successors would pay ARG for the continued right to use and possess the property for thirteen years at a price agreed upon by the parties. To the extent the Lease is deemed void, voidable, or otherwise unenforceable, this understanding of the parties' agreement was nevertheless affirmed by Hutter and Douglass during the parties' negotiations, and through their subsequent course of dealing.

147. LS RE voluntarily accepted ARG's money for the sale of the Property.

148. Lee Steel (and subsequently Maksteel) remained in possession of the Property and proceeded to make monthly payments to ARG for the continued right to use and possess the property.

149. For years, Lee Steel, then Maksteel, made monthly payments to ARG for the right to use and possess the Property.

150. From December 2024 to the time this Complaint was filed, Maksteel has not fully paid for its use of the Property.

151. Maksteel held a valuable right to possess and use the Property but failed to pay for that right as agreed. This was to ARG's detriment as ARG could have arranged to lease the property to another party.

152. Maksteel is merely an alter ego for UPG, Hutter, and Douglass, such that any benefit to Maksteel from the use and possession of the Property necessarily flowed to UPG, Hutter, and Douglass.

153. Allowing Defendants to retain the benefits from Maksteel's use and possession of the Property at ARG's expense would violate fundamental principles of justice, equity, and good conscience.

COUNT IV: SWORN ACCOUNT [Tenn. Code Ann. § 24-5-107]

(ARG v. Maksteel)

154. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

155. The parties were engaged with one another pursuant to a valid and enforceable Lease.

156. ARG billed Maksteel for Base Rent and Additional Rent it owed under the Lease.

157. On December 2, 2024, ARG billed Maksteel by invoice for real estate tax reimbursements owed by Maksteel under the Lease. Maksteel received the December Invoice on the day it was billed, and it has not since disputed the validity of the amounts stated therein. However, Maksteel has not paid the amounts stated in the December Invoice.

158. On April 28, 2025, ARG billed Maksteel by invoice for prior-year Tax Charges reimbursable to ARG. Maksteel received the April Invoice on the day it was billed, and it has not since disputed the validity of the amounts stated therein. However, Maksteel has not paid the amounts stated in the April Invoice.

159. On May 1, 2025, ARG billed Maksteel by invoice for Base Rent, Management Fees, and insurance recoveries payable to ARG. Maksteeel received the May Invoice on the day it was billed, and it has not since disputed the validity of the amounts stated therein. However, Maksteel has not paid the amounts stated in the May Invoice.

160. The amounts stated in the December, April, and May Invoices are justly due and owing to ARG. (*See* Ex. K.)

COUNT V: ACTION FOR SWORN ACCOUNT / ALTER EGO / PIERCING THE VEIL

[Tenn. Code Ann. § 24-5-107]

(ARG v. UPG, Hutter, and Douglass)

161. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

162. The parties were engaged with one another pursuant to a valid and enforceable Lease.

163. ARG billed Maksteel for Base Rent and Additional Rent it owed under the Lease.

164. On December 2, 2024, ARG billed Maksteel by invoice for real estate tax reimbursements owed by Maksteel under the Lease. Maksteel received the December Invoice on the day it was billed, and it has not since disputed the validity of the amounts stated therein. However, Maksteel has not paid the amounts stated in the December Invoice.

165. On April 28, 2025, ARG billed Maksteel by invoice for prior-year Tax Charges reimbursable to ARG. Maksteel received the April Invoice on the day it was billed, and it has not since disputed the validity of the amounts stated therein. However, Maksteel has not paid the amounts stated in the April Invoice.

166. On May 1, 2025, ARG billed Maksteel by invoice for Base Rent, Management Fees, and insurance recoveries payable to ARG. Maksteeel received the May Invoice on the day it

was billed, and it has not since disputed the validity of the amounts stated therein. However, Maksteel has not paid the amounts stated in the May Invoice.

167. The amounts stated in the December, April, and May Invoices are justly due and owing to ARG. (*See* Ex. K.)

168. UPG, Hutter, and Douglass – Maksteel's alter egos – may be held liable for the undisputed and unpaid amounts set forth in the December, April, and May Invoices.

COUNT VI IN THE ALTERNATIVE: PROMISSORY ESTOPPEL

(ARG v. All Defendants)

169. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

170. To the extent the Lease is deemed void, voidable, or otherwise unenforceable, ARG raises this Count in the alternative.

171. Defendants collectively promised ARG that once ARG purchased the Property from LS RE, Lee Steel and any of its successors would not only pay Base Rent for their use of the Property, but that they would also reimburse any money ARG spent paying taxes levied on the property, insurance costs, and Management Fees.

172. Relying on these promises in good faith, ARG purchased the Property from LS RE and assumed the role of Lee Steel's Landlord.

173. Maksteel, Lee Steel's successor in interest, failed to pay Rent from February 2025 to May 2025.

174. From December 2024 through May 2025, Maksteel did not reimburse ARG for real estate taxes or insurance costs incurred by ARG.

175. As a result of ARG's reliance on Defendants' promise that Maksteel would pay these expenses and Defendants' failure to keep that promise, ARG did not receive insurance cost reimbursements and tax reimbursements, and has had to shoulder those costs.

COUNT VII: FRAUDULENT MISREPRESENTATION

(ARG v. LS RE, UPG, Hutter, and Douglass)

176. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

177. Defendants LS RE, UPG, Hutter, and Douglass ("Defendants" for purposes of this Count) led ARG to believe that its risk in entering into the Sale and Leaseback Transaction was mitigated because UPG would be a well-capitalized conglomerate, with UPG providing financial and operational backing for each of the entities it acquired, that the various entities would be cross-collateralized, and that the greater ARG's investment into UPG and its entities, the more secure it would be.

178. But Defendants' sales pitch was made in bad faith and based on false representations.

179. Defendants knew that their representations were false as UPG treats its entities as shell companies without any independent existence, but rather keeps each undercapitalized, separately siloed for asset-protection purposes, and not cross-collateralized. By increasing the size of their investment in UPG, AR Global and ARG did in fact benefit UPG, but unknowingly harmed themselves.

180. In reality, Defendants planned to liquidate Lee Steel's or any UPG-controlled successor to Lee Steel's assets and leave nothing of such entity but its corporate form, in an attempt to shield Defendants from liability to creditors. Upon information and belief, this tactic was part

of a greater scheme perpetrated by Hutter and Douglass to squeeze as much cash from acquired companies as possible to the detriment of those companies and those companies' creditors.

181. ARG agreed to purchase the Property from LS RE and to lease it back to Maksteel. In doing so, ARG justifiably relied on Defendants' collective promises and misrepresentations.

182. When UPG, Hutter, and Douglass sought ARG's consent to merge Lee Steel and Berg Steel, Lee Steels' Guarantor, into Maksteel, Defendants promised that Maksteel was well-capitalized and just as safe an investment as Lee Steel. ARG consented to the merger. In doing so, ARG justifiably relied on Defendants' collective promises and misrepresentations.

183. As a direct consequence of Defendants' false promises, ARG has suffered money damages in the amount of the purchase price of the Property.

COUNT VIII: FRAUDULENT TRANSFER [Tenn. Code Ann. § 66-1-305(a)(1)]

(ARG v. All Defendants)

184. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

185. ARG was led by Defendants to believe that the crux of the Sale and Leaseback Transaction was that ARG would be purchasing the Property and leasing it back to an operating steel company – whether it be Lee Steel or its successor. While ARG was negotiating the purchase of the Property from LS RE, Defendants led ARG to believe it would be purchasing the property and leasing it back to Lee Steel, an operating company that would provide a return on investment. The capital infusion provided consequent to the Sale and Leaseback Transaction, ARG believed, would put Lee Steel in a good position to operate its business profitably and provide a return on ARG's investment.

186. In fact, Defendants purposefully structured the Sale and Leaseback Transaction with actual intent for Lee Steel to hinder, delay and defraud ARG so that the capital infusion meant

for Lee Steel actually went directly to UPG (and ultimately to Hutter and Douglass) instead of Lee Steel. Indeed, over $475,000 of the proceeds went directly to UPG at closing.

187. It was Defendants' design that ARG be made to believe that it was leasing the Property back to a company that would be in a position to pay Rent under the Lease. Defendants knew that ARG would not enter into the transaction if it knew that Defendants had no interest in keeping Lee Steel as a solvent company for the duration of the Lease term.

188. Moreover, Maksteel, as successor to Lee Steel, generated income from its operations since the Sale and Leaseback Transaction. However, Defendants caused Maksteel to transfer such income and other property to themselves or UPG's other affiliates, leaving Maksteel unable to pay its creditors. Defendants caused Maksteel to act with actual intent to hinder, delay, or defraud ARG so that it would be unable to pay Rent and any other debts as they became due.

COUNT IX: FRAUDULENT TRANSFER [Tenn. Code Ann. § 66-1-305(a)(2)]

(ARG v. UPG, Hutter, and Douglass)

189. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

190. UPG, Hutter, and Douglass ("Defendants" for purposes of this count) caused LS RE to transfer the proceeds from the Sale and Leaseback Transaction to themselves or UPG's affiliates rather than Lee Steel. In exchange for Lee Steel's role in the Sale and Leaseback Transaction, Defendants did not provide reasonably equivalent value. The entire purchase price for the Property was paid to the order of LS RE, and over $475,000 of the purchase price was routed directly to UPG.

191. Because Lee Steel did not receive reasonably equivalent value for its role in the Sale and Leaseback Transaction, in entering into and performing under the Lease, Lee Steel was engaged in business and transactions for which its remaining assets were unreasonably small.

192. Because Lee Steel did not receive reasonably equivalent value for its role in the Sale and Leaseback Transaction, Lee Steel, acting through Defendants, believed or reasonably should have believed that it could not sustainably make payments pursuant to and for the duration of the Lease and that it would not be able to pay other debts incurred as they became due.

193. Maksteel generated income from its operations after the Sale and Leaseback Transaction. However, Defendants caused Maksteel to transfer such income and other property to themselves or UPG's other affiliates without Maksteel receiving reasonably equivalent value in exchange for such transfers.

194. Maksteel, acting through Defendants, believed or reasonably should have believed that it would be unable to make payments pursuant to the Lease and that it would not be able to pay any other debts incurred as they became due if it transferred the income and property generated from its operations to Defendants.

195. By making transfers of its income and other property generated from its operations to Defendants, Maksteel was forced to engage in business and transactions for which its remaining assets were unreasonably small in relation to its ongoing obligations, including its obligations to pay Rent under the Lease.

COUNT X: VIOLATION OF TENNESSEE CONSUMER PROTECTION ACT [Tenn. Code Ann. § 47-18-101 *et seq.*]

(ARG v. Maksteel, UPG, Hutter, and Douglass)

196. ARG re-alleges and incorporates the foregoing paragraphs as if fully stated herein.

197. The Tennessee Consumer Protection Act ("TCPA") is intended, among other purposes, to "declare and provide for civil legal means for maintaining ethical standards of dealing between persons engaged in business and the consuming public to the end that good faith dealings

between buyers and sellers at all levels of commerce be had in this state." Tenn. Code Ann. § 47-18-102(4). To that end, the TCPA prohibits individuals and entities from engaging in any enumerated "unfair or deceptive acts or practices affecting the conduct of any trade or commerce[.]" Tenn Code. Ann. § 47-18-104(b).

198. Plaintiff is a commercial entity subject to the protection of the TCPA.

199. Maksteel, UPG, Hutter, and Douglass (collectively, "Defendants" for purposes of this count) have at one time or another engaged in business in Hamilton County, Tennessee. In particular, Maksteel operated a toll processing facility in Chattanooga, Tennessee prior to 2024.

200. Defendants fraudulently misrepresented that Lee Steel or whichever UPG entity would be subject to the Lease would be able to pay Rent as required under the Lease for the duration of the Lease term.

201. Further, Defendants caused LS RE and Maksteel to make transfers of money or property to UPG or other UPG-affiliated entities in order to evade creditors, including Plaintiff.

202. In other words, Defendants' fraud and fraudulent transfers constituted knowing and willful acts or practices that were unfair and deceptive to Plaintiff in violation of the TCPA.

203. In sum, Defendants "[r]epresented that a consumer transaction conferr[ed] or involve[d] rights, remedies, or obligations that it does not have[]" and "[r]epresent[ed] that a guarantee or warranty confers or involves rights or remedies which it does not have." Tenn. Code Ann. § 47-18-104(b)(12), (19).

204. Defendants' unfair and deceptive conduct caused Plaintiff to suffer an ascertainable loss of money and property in the way of lost Rent.

WHEREFORE, ARG respectfully requests that this Court:

(i) Enter judgment in favor of Plaintiff ARG and against Maksteel, awarding compensatory damages in an amount to be determined by the Court, including:

(1) The total delinquent amount owed to ARG under the Lease, according to proof but not less than $362,868.32, including outstanding Base Rent, Management Fees, Tax Charges, insurance recoveries, and Late Charges; and

(2) Pursuant to section 20.7 of the Lease, $995,944.85, the present value of the Rent due for the remainder of the Lease term; and

(3) Interest accrued on the total amount of delinquent past due Rent owed by Maksteel pursuant to section 3.6 of the Lease, at an amount to be proven at trial; and

(4) Any other outstanding Rent; and

(5) Any and all consequential damages, according to proof and as permitted by law.

(ii) Enter judgment against Maksteel for all past due amounts stated in the December, April, and May Invoices;

(iii) Disregard Maksteel's corporate form to recognize UPG, Hutter, and Douglass as the parties responsible for the Tenant's obligations under the Lease;

(iv) Disregard Maksteel's corporate form to recognize UPG, Hutter, and Douglass as the parties responsible for Maksteel's promises to pay the December, April, and May Invoices;

(v) To the extent the Lease is deemed void, voidable, or otherwise unenforceable, enter judgment in favor of ARG and against Defendants, awarding damages in an amount to be determined by the Court, including:

(1) The value of Defendants' right to possess the property for the months of December 2024 through May 2025, and future months, according to proof, but not less than $1,358,813.17; and

(2) The total amount promised by Defendants for Maksteel's use of the Property, but not less than $211,231.67 and any other costs incurred by ARG on account of its good faith reliance on the promises described in Count VI.

(vi) Enter judgment in favor of ARG and against LS RE, UPG, Hutter, and Douglass, awarding monetary damages for fraudulent misrepresentations made by LS RE, UPG, Hutter, and Douglass in an amount to be determined by the Court , including:

(1) The purchase price of the Property; and

(2) the present value of the Rent due for the remainder of the Lease term; and

(3) Any remaining actual costs suffered by ARG proximately caused by its reliance on LS RE's, UPG's, Hutter's, and Douglass' fraudulent misrepresentations;

(vii) Enter judgment in favor of ARG and against Defendants, pursuant to Tenn. Code Ann. § 66-1-305(a)(1) and § 66-1-305(a)(2), according to proof:

(1) Avoiding the transfers described in Counts VIII and IX to the extent necessary to satisfy ARG's claim; and

(2) Ordering an attachment in ARG's favor and against the transferred assets described in Counts VIII and IX or any other property of Defendants;

(3) Requiring Defendants to disgorge to ARG any and all proceeds and profits stemming from the fraudulent transfers described in this Count.

(viii) Award punitive damages in an amount to be determined by the court;

(ix) Award to ARG treble damages pursuant to section 47-18-109(a)(3) of the TCPA;

(x) Grant to ARG its reasonable attorneys' fees and costs pursuant to the parties' agreement, the TCPA, or as otherwise permitted by law;

(xi) Award prejudgment and post-judgment interest to the extent permissible under the law; and

(xii) Grant to ARG any and all further relief as the Court may deem just and proper.

June 2, 2025

Respectfully Submitted,

By: _____

Donald J. Aho (TN 011975)
MILLER & MARTIN PLLC
Volunteer Building, Suite 1200
832 Georgia Avenue
Chattanooga, TN 37402
423.756.6600
Don.aho@millermartin.com

Timothy Warnock (TN 012844)
Keane Barger (TN 033196)
LOEB & LOEB LLP
35 Music Square East
Nashville, TN 37203
615.749.8300
twarnock@loeb.com

Evan K. Farber
(pro hac vice application forthcoming)
Bethany D. Simmons
(pro hac vice application forthcoming)
Evan J. Seeder
(pro hac vice application forthcoming)
LOEB & LOEB LLP
345 Park Avenue
New York, NY 10154
212.407.4000
efarber@loeb.com
bsimmons@loeb.com
Attorneys for Plaintiff

COST BOND

I hereby acknowledge and bind myself for the payment of all non-discretionary costs that may be adjudged herein against Plaintiff ARG LSWYGMI001, LLC, the principal, in the event that the principal does not pay them.

Witness my hand this 2nd day of June, 2025.

Miller & Martin PLLC, its counsel
Donald J. Aho,
Volunteer Building Suite 1200
832 Georgia Avenue
Chattanooga TN 37402
423.785.8239

EXHIBIT A

LEASE AGREEMENT

BETWEEN

LS RE LLC, a Delaware limited liability company

AS LANDLORD

AND

LEE STEEL HOLDINGS LLC, a Delaware limited liability company

AS TENANT

FOR THE PREMISES LOCATED AT

5875 Weller Ct SW, Wyoming, MI 49509

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LEASE AGREEMENT

This Lease Agreement (this "**Lease**") is made and entered into as of September 14, 2015 (the "**Effective Date**"), by and between **Landlord** and **Tenant**. The Lease consists of the following Schedule, Terms and Conditions, Exhibit(s) and Rider(s) (if any) referenced herein.

SCHEDULE

For purposes of this Lease, the following terms have the following meanings:

"Landlord:"	**LS RE LLC,** a Delaware limited liability company Federal Employers Identification Number:
"Tenant:"	**Lee Steel Holdings LLC,** a Delaware limited liability company Federal Employers Identification Number:
"Building:"	That certain building consisting of approximately 114,042 leasable square feet of space on the parcel of land which is legally described on Exhibit A attached hereto (the "**Property**") and commonly known as 5875 Weller Ct SW, Wyoming, MI 49509.
"Premises:"	The Building, Property and all easements, licenses and rights-of-way appurtenant to the Property and all personal property, fixtures and equipment of Landlord that are used in the operation of the Building and the Property.
"Term:"	13 years.
"Base Rent:"	$675,000 per annum payable monthly, increasing 1% per year.
"Tenant's Proportionate Share:"	100.00%
"Management Fee:"	1.00% of Base Rent then in effect.
"Delivery Date:"	The date of the closing of the transactions contemplated by the Real Estate Purchase Agreement between Lessor and Lessee, pursuant to which Lessor will purchase the Premises from Lessee.
"Commencement Date:"	The Delivery Date.
"Base Rent Commencement Date:"	The Commencement Date.

"Additional Charges Commencement Date:"	The Commencement Date.
"Expiration Date:"	The last day of the 156th full calendar month following the Commencement Date.
"Permitted Use:"	The Premises shall be used and occupied by Tenant for general manufacturing, assembly, warehouse and distribution operations (the "**Permitted Use**") and for no other use or purpose whatsoever.
"Security Deposit:"	$0.00.
"Address for Notice to Landlord:"	Christopher Hutter LS RE LLC 1400 16th Street, Suite 300 Oak Brook, IL 60523
"Address for Notice to Tenant:"	LEE STEEL HOLDINGS LLC 5875 Weller Ct. SW Wyoming, MI 49509 Attn: Accounts Payable
"Tenant's Broker:"	None.
EXHIBITS:	A - Legal Description of Property B - Plan of Premises C - Rules and Regulations D – Commencement Date Agreement E – Estoppel Certificate
RIDERS:	Property Acquisition Rider Tenant Signage Rider SNDA Rider Extension Option Rider CC&R Rider Short Form Lease Rider

IN WITNESS WHEREOF, Landlord and Tenant, intending to be legally bound, have by their proper and duly authorized officers executed this Lease in multiple original counterparts as of the date written below.

LANDLORD:

LS RE LLC
a Delaware limited liability company

Name: Christopher Hutter
Title: Manager

Date: 9/14/2015

TENANT:

LEE STEEL HOLDINGS LLC
A Delaware limited liability company

Name: Paul D. Douglass
Title: Manager

Date: 9/14/15

END OF SCHEDULE

TERMS AND CONDITIONS

1. LEASE OF PREMISES.

1.1. Demise. Subject to the covenants, terms, provisions and conditions of this Lease, Landlord leases to Tenant the Premises, including the Property and Building, and including all heating, ventilation and cooling (the "**HVAC**"), electrical, lighting, plumbing, fire protection (sprinkler and alarm) and other units, systems and equipment that are located in the Premises or serve the Premises and all improvements thereto constructed by Landlord, together with all (a) entrances, corridors, and restrooms, (b) parking facilities (including, but not limited to, parking stalls, driveways, drive aisles, fire lanes and sidewalks), (c) loading docks, (d) landscaped areas, and (e) those units, systems and equipment that serve the Premises including, but not limited to, HVAC, electrical, lighting, plumbing, fire protection and security units, systems and equipment. Landlord and Tenant agree that the leasable area of the Premises described in the Schedule is correct and shall not be re-measured.

1.2. Term. The Term will commence on the Commencement Date and will expire on the Expiration Date, unless terminated earlier as otherwise provided in this Lease. Within 30 days after the actual Commencement Date has been ascertained, Landlord and Tenant will execute a Commencement Date Agreement in the form attached as Exhibit D, which will acknowledge said actual Commencement Date and the actual Expiration Date.

1.3 Possession. Landlord agrees to deliver possession of the Premises to Tenant on or before the Delivery Date. In no event shall Landlord be liable to Tenant if Landlord is unable to deliver possession of the Property to Tenant on or before the Delivery Date for causes outside Landlord's reasonable control. If Landlord is unable to deliver possession of the Property on or before the Delivery Date, then the Delivery Date shall be deferred until the date upon which Landlord can deliver possession of the Property to Tenant, in which event the Commencement Date and the Expiration Date shall each be deferred by an equal number of days. In no event will Landlord be liable to Tenant if Landlord is unable to deliver possession of the Premises to Tenant on or before the Delivery Date for causes outside Landlord's reasonable control. Notwithstanding anything to the contrary contained in this Section 1.3, if the Delivery Date has not occurred by October 15, 2015, Tenant may, in its sole and absolute discretion, elect to terminate this Lease by delivering written notice to Landlord; provided, however, that in no event may Tenant make such election to terminate this Lease and deliver such written notice to Landlord in the event the Delivery Date has occurred.

2. USE.

2.1. Limitation on Use. Tenant will use and occupy the Premises solely for the Permitted Use. Tenant will not cause or permit the Premises to be used in any way that (1) constitutes a violation of federal, state or local law, statute, ordinance, code, rule, order or decree (individually, a "**Law**" and collectively, the "**Laws**"); (2) constitutes a violation of any recorded covenants, conditions and restrictions, if any, against the Premises (the "**CC&Rs**"); or (3) constitutes a nuisance or waste. Tenant will not use or install any of Tenant's property in or to the Premises that would exceed the legal live load per square foot and Tenant shall be liable for all damage as a result of a violation of this rule.

2.2. Quiet Enjoyment. As long as no Default exists, Tenant shall peacefully and quietly have and enjoy the Premises for the Term, free from interference by Landlord, subject, however, to the provisions of this Lease. The loss or reduction of Tenant's light, air or view will not be deemed a disturbance of Tenant's

occupancy of the Premises nor will it affect Tenant's obligations under this Lease or create any liability of Landlord to Tenant.

3. RENT.

3.1. Rent. As used in this Lease, "**Rent**" means (1) the Base Rent; and (2) the "**Additional Rent**" which means (a) the Additional Charges as defined hereafter, and (b) all other fees, charges and amounts due from Tenant under this Lease.

3.2. Base Rent. Commencing on the Base Rent Commencement Date, Tenant shall pay Base Rent in monthly installments in advance on or before 5:00 p.m. Central Time on the first day of each month of the Term, prorated, as applicable, for the first month of the Term. Notwithstanding the foregoing, if the Base Rent Commencement Date is a date other than the first day of the month, rental for the first calendar month of the lease may be paid along with the rent for the second calendar month of the lease, to be paid on the first day of the second calendar month of the Term (i.e., if the Base Rent Commencement Date is September 15, 2015, Tenant shall make its first payment of rental hereunder on October 1, 2015, which amount shall equal a full month's base rent for October 2015 and prorated base rent for September 15, 2015 to October 1, 2015).

3.3. Additional Charges. "**Additional Charges**" mean (1) subject to the terms and conditions of Section 4 of this Lease, the Tax Charge as defined in this Lease; (2) the Expense Charge as defined in this Lease, and (3) the Management Fee. Commencing on the Additional Charges Commencement Date, Tenant will pay the Additional Charges. Prior to each calendar year during the Term, Landlord will furnish Tenant with an estimate of the Additional Charges owing for such year, and Tenant will pay Landlord one-twelfth of such estimate on or before 5:00 P.M. Central Time on the first day of each month during such year. Landlord may reasonably revise such estimate whenever Landlord obtains information relevant to making such estimate more accurate. After the end of each calendar year during the Term, Landlord will deliver to Tenant a statement setting forth (1) the actual Additional Charges for such calendar year; (2) the total estimated Additional Charges that Tenant has paid for such calendar year; and (3) the actual Additional Charges payable by Tenant for such calendar year (the "**Annual Reconciliation**"). Within 30 days after receipt of such Annual Reconciliation, Tenant will pay to Landlord the amount of Additional Charges owing for such calendar year, minus the estimated Additional Charges paid by Tenant for such calendar year. If the total estimated Additional Charges paid by Tenant for such calendar year exceeds the amount of Additional Charges owing for such calendar year, Landlord will apply such excess as a credit against future Rent owing under this Lease or, if the Term has already ended, Landlord will promptly refund such excess to Tenant, provided that in each such case, Tenant is not then in Default hereunder, and without interest to Tenant. Tenant shall have the right to audit the Annual Reconciliation with respect to the Additional Charges as set forth in Section 5.2 below.

If Landlord shall have failed to provide the Annual Reconciliation showing the actual Additional Charges with respect to any calendar year within one (1) year after the end of such calendar year, Tenant shall not be obligated to make the payment shown to be due with respect to such calendar year.

3.4. Net-Net-Net Lease. All Rent payable under this Lease shall be absolutely net to the Landlord so that this Lease shall yield net to Landlord the specified Base Rent in each specified period during the Term, and except as otherwise expressly provided in this Lease, each and every item of Taxes and operating expenses of every kind and nature whatsoever, the payment of which Landlord is, shall, or may become

liable for by reason of its estate or interest in the Premises or of any rights or interest of Landlord in or under this Lease or by reason or in any manner connected with or arising from the ownership, leasing, operation, management, maintenance, repair, rebuilding, remodeling, renovation, use or occupancy of the Premises, shall be borne by Tenant, except as otherwise provided in this Lease, which costs shall be reimbursed by Tenant to Landlord within thirty (30) days after written demand by Landlord.

3.5. Rent Absolute. Except as otherwise expressly provided in this Lease, any damage or destruction to all or any portion of the buildings, structures and fixtures comprising the Premises, by fire, the elements, or any other cause whatsoever, whether with or without fault on the part of any Tenant Party, shall not terminate this Lease or entitle Tenant to surrender the Premises or entitle Tenant to any abatement or reduction in Rent payable under this Lease, or otherwise affect the respective obligations of the parties hereto. If the use of the Premises for any purpose should, at any time during the Term, be prohibited by Law or prevented by injunction, this Lease shall not be thereby terminated, nor shall Tenant be entitled by reason thereof to surrender the Premises, or to any abatement or reduction in Rent, nor shall the respective obligations of the parties hereto be otherwise affected unless such eviction is due to the act of Landlord or any person or persons claiming any interest in the Premises by or under Landlord.

3.6. Payment of Rent. The following provisions will govern the payment of Rent: (1) Tenant shall pay Rent to Landlord at Landlord's address set forth in the Schedule under Address for Notice to Landlord (Attention: Accounting), or to such other party or to such other address as Landlord may hereafter designate by written notice to Tenant; (2) if the Term commences or ends on a day other than the first day or last day of a calendar month, then Base Rent and estimated monthly Additional Charges for the month in which the Term so begins or ends, or the Base Rent commences, will be prorated based upon the ratio that the number of days in the applicable month that fall within the Term bears to the total number of days in such month; (3) if the Term commences on a day other than January 1 or ends on a day other than December 31, then Additional Charges for the first or last partial calendar year within the Term will be prorated based on the ratio that the number of days of such partial calendar year that fall within the Term bears to 365; (4) all Rent will be paid to Landlord without demand, offset or deduction, and the covenant to pay Rent will be independent of every other covenant in this Lease; (5) any Rent payment owing by Tenant to Landlord that is not paid when due (a) will bear interest from the fifth day following the date due until the date paid at a rate (the "**Default Rate**") equal to the lesser of (i) 1.0% per month, or (ii) 10% plus the corporate base rate of interest announced from time to time by Bank of America at its Chicago, Illinois office (the "**Prime Rate**"), but in no event higher than the maximum rate permitted by applicable Law, and (b) Tenant will pay Landlord a late charge, as liquidated damages which Landlord and Tenant agree represents a fair and reasonable estimate of the cost Landlord will incur by reason of such late payment, for each and every payment or installment of Rent that is not paid in full within five days after its due date equal to the greater of (i) $500, or (ii) 5% of the past due payment or installment of Rent, (the "**Late Charge**"); (6) for each Tenant payment check to Landlord that is returned for any reason, Tenant will pay Landlord (a) a returned check charge equal to the actual fee assessed against Landlord by its bank for such returned check (the "**Returned Check Charge**"), and (b) if applicable, the Late Charge; (8) each amount owed to Landlord under this Lease for which the date of payment is not expressly fixed will be due on the same date as the Rent listed on the statement showing such amount is due; (9) if Landlord fails to give Tenant an estimate of Additional Charges prior to the beginning of any calendar year during the Term, then Tenant will continue to pay estimated Additional Charges at the rate for the previous calendar year until Landlord delivers such estimate; and (10) Landlord will apply payments received from Tenant pursuant to this Lease (regardless of Tenant's designation of any contrary application) to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord in its sole discretion may elect.

4. TAXES.

4.1 "**Tax Charge**" means an amount equal to the product of (1) the Taxes as defined herein; and (2) the Tenant's Proportionate Share for each calendar year during the Term. **"Taxes"** mean all taxes, assessments and fees levied upon or against the Premises, or the rents collected therefrom, by any governmental entity based upon the ownership, leasing, renting or operation of the Premises, including all reasonable costs and expenses of protesting any such taxes, assessments or fees. Taxes shall not include any net income, capital stock, succession, transfer, franchise, gift, estate or inheritance taxes; provided, however, if at any time during the Term, a tax or excise on income is levied or assessed by any governmental entity, in lieu of or as a substitute for, in whole or in part, real estate taxes or other ad valorem taxes, such tax will constitute and be included in Taxes. For the purpose of determining Taxes for any given calendar year, the amount to be included for such calendar year (1) from special assessments payable in installments will be the amount of the installment (and any interest) due and payable during such calendar year; and (2) from all other Taxes will be the amount accrued, assessed or otherwise imposed for such calendar year.

4.2 Payment. Commencing on the Additional Charges Commencement Date, Tenant agrees to pay all Taxes not later than the due date thereof, as Rent for the Premises. If, by Law, any assessment may, at the option of the taxpayer, be paid in installments, Tenant may exercise the option to pay the same in such installments, provided that any such assessments which are to become due and payable after the Expiration Date shall be deposited with Landlord for such payment on or before the Expiration Date. No later than thirty (30) days after the Additional Charges Commencement Date, Landlord shall cause the tax bill for such Taxes to be placed into the name of the Tenant and Tenant shall pay such Taxes directly to the applicable taxing authority when due and in all cases before delinquency or penalty. Taxes shall be prorated on a per diem basis for any partial tax years falling within the Term or any Extensions and Tenant's obligation to pay any such pro-rated portion shall survive the expiration of the Term or the earlier termination thereof. In the event any Taxes may be payable in installments, Tenant may pay them in installments before they become due and payable and in all cases prior to delinquency or penalty. If the bills for Taxes are sent to Landlord directly by the taxing authority, the Landlord shall deliver such bills to Tenant within seven (7) days after Landlord's receipt of such bills, in which case Tenant shall pay such bills directly to the taxing authority when due and in all cases prior to delinquency or penalty.

4.3 Tax Receipts. Tenant agrees to deliver to Landlord, duplicate receipts or photo static copies thereof or other reasonable documentation showing the payment of all Taxes within thirty (30) days after the respective payments evidenced thereby are made, and no later than thirty (30) days after the due date of such Taxes. If Landlord does not receive such evidence of the payment of Taxes as aforesaid, the Landlord may deliver a notice to Tenant of such failure to receive such evidence ("**Tax Payment Notice**"), in which case Tenant shall have an additional ten (10) days to provide such evidence of payment to Landlord. If Landlord delivers two (2) such Tax Payment Notices in any Lease Year, then Landlord shall have the right to require monthly escrows of estimated Taxes, as set forth in Section 4.4 below.

4.4 Tenant's Failure to Pay. Landlord, at its option and upon notice to Tenant, shall have the right at all times during the Term to pay any Taxes not paid by Tenant when due, and the amounts so paid, including penalties and expenses, shall be Rent due under this Lease and shall be reimbursed by Tenant to Landlord within ten (10) days after written demand, together with interest thereon at the Default Rate from the date of Landlord's payment until reimbursement by Tenant. Additionally, after Tenant has failed to pay any such Taxes when due or in the event Landlord delivers two (2) such Tax Payment Notices in any Lease Year in accordance with Section 4.3 above, then Tenant shall pay to Landlord as part of the Additional

Charges one-twelfth (1/12th) of the Taxes based upon Landlord's reasonable estimate of the Tax Charge due during the then current calendar year, any such monthly payment of Taxes shall be included as part of Additional Charges under this Lease in accordance with Section 3.3 of this Lease and shall be paid to Landlord when due and in accordance with the terms and conditions of the Lease, including without limitation, Section 3.3 of this Lease.

4.5 Tax Contests. Tenant may at its sole cost and expense, upon the receipt of prior written approval of Landlord, such approval not to be unreasonably withheld, contest any Taxes against the Premises, by appropriate proceedings permitted by Law and attempt to obtain a reduction in the assessed valuation upon the Premises for the purpose of reducing any such tax assessment. In the event Landlord approves the request of Tenant, Landlord shall not be required to join in the proceeding unless it is necessary to prosecute the proceeding and Landlord shall not be subjected to any liability for the payment of any costs or expenses, including attorneys' fees, in connection with any proceeding brought by Tenant and Tenant shall indemnify Landlord from and against any and all costs and expenses for any such proceedings. In the event Landlord desires to contest any Taxes, Tenant agrees to cooperate with Landlord and execute any reasonable document which may be reasonably necessary and proper for any proceeding at no cost or liability to Tenant. Subject to applicable Law, in the event Tenant lawfully contests any such installment of Taxes for the Premises, Tenant shall not be required to pay such installment of Taxes so long as Tenant shall in good faith and with due diligence contest the same or the validity thereof by appropriate legal proceedings which shall have the effect of preventing the collection of such Tax; provided, however, that on or before the due date of such Taxes, Tenant shall give Landlord such security as may be reasonably required by Landlord to insure payment of the amount of the Taxes and all interest and penalties thereon. If Tenant has not elected to contest any such Taxes, Landlord may so contest the same at Landlord's sole cost and expense, provided Landlord notifies Tenant of its intent to do so and Tenant fails to initiate such contest within twenty (20) days after receipt of such notice and Tenant shall, at no cost or expense to Tenant, execute any reasonable documentation required to be executed in order for Landlord to so contest any such Taxes. In the event that Tenant at any time institutes a law suit to recover any Taxes paid by Tenant under protest in Landlord's name, Tenant shall have the right, at its sole expense, to institute and prosecute such lawsuit in Landlord's name, in which event Tenant agrees to indemnify the Landlord Parties and save them harmless from and against all costs, charges or liabilities in connection with any such suit. All funds received as a result of any such lawsuit shall belong to Tenant.

5. OPERATING EXPENSES.

5.1. Expense Charge. Commencing on the Additional Charges Commencement Date, Tenant will pay the Expense Charge. **"Expense Charge"** means an amount equal to the product of (1) the Expenses as defined herein; and (2) the Tenant's Proportionate Share for each calendar year during the Term. "**Expenses**" shall mean all expenses, costs and disbursements (other than Taxes) incurred by Landlord in connection with the ownership, management, operation, maintenance, repair and replacement of the Premises including, but not limited to, the costs of premiums paid by Landlord for policies of insurance (and deductibles not to exceed $10,000 per occurrence paid by Landlord for repairs covered by such policies).

5.2. Tenant's Right to Audit. Within 120 days after receiving any Annual Reconciliation from Landlord, Tenant may give Landlord a written notice that Tenant intends to review Landlord's records of the Additional Charges, Tax Charges and Expense Charge for the calendar year pertaining to such Annual Reconciliation (the "**Audit Notice**") for the purpose of verifying the information contained therein (the "**Tenant Audit**"), provided that (1) Tenant is not in Default; and (2) Tenant has paid to Landlord all amounts due from

Tenant to Landlord as specified in the Annual Reconciliation. Within 30 days after its receipt of the Audit Notice, Landlord will make all pertinent records available for inspection that are reasonably necessary for Tenant to conduct the Tenant Audit. If any records are maintained at a location other than the office of the Building, Tenant may either inspect the records at such other location or pay for the reasonable cost of copying and shipping the records. Tenant will be solely responsible for all costs, expenses and fees incurred in connection with the Tenant Audit. Within 60 days after the records are made available to Tenant, Tenant will have the right to give Landlord written notice (the "**Objection Notice**") stating in reasonable detail all objections to the applicable Annual Reconciliation. If Tenant fails to provide Landlord with an Objection Notice within the time periods set forth herein, Tenant will be deemed to have approved Landlord's Annual Reconciliation and will be barred from raising any claims regarding the Expenses Charge for the applicable calendar year. If Landlord and Tenant determine that the Additional Charges, Tax Charges and/or Expense Charge for the applicable calendar year are less than reported, then (1) Landlord will provide Tenant with a credit against the next installment of Rent in the amount of the overpayment by Tenant; and (2) if the Expense Charge is more than 5% less than reported, Landlord will reimburse Tenant for the reasonable, documented, out-of-pocket costs and fees paid by Tenant for such review. If Landlord and Tenant determine that the Additional Charges, Tax Charges and/or Expense Charge for the applicable calendar year is greater than reported, then Tenant will then pay Landlord the amount of any underpayment within 30 days after such determination is made. Tenant's agreement to pay any underpayment of Additional Charges, Tax Charges and/or Expense Charges for the calendar year in which the Term ends, and Landlord's obligation to refund any overpayments of Additional Charges for the calendar year in which the Term ends shall survive the end of the Term. Tenant acknowledges and agrees that any records reviewed under this section constitute confidential information of Landlord (1) that will not be disclosed to anyone other than the accountants performing the Tenant Audit and the principals of Tenant who receive the results of the Tenant Audit; and (2) the disclosure of such confidential information to any other person, whether or not caused by the conduct of Tenant, will be a Default, unless such disclosure is in response to a valid court order or by operation of law.

6. MAINTENANCE AND REPAIRS.

6.1. Tenant, at its expense, shall keep and maintain the Premises, including any part thereof, in good and sanitary condition, working order and repair (including making any necessary replacements) and in compliance with all applicable Laws including, but not limited to, (i) the Building, including without limitation, the (A) roof, (B) exterior walls, (C) foundation and (D) structural components; (ii) doors, (iii) loading docks, (iv) hoists and cranes, (v) interior and exterior windows (Tenant shall promptly replace any broken glass with glass of the same kind, size and quality), (vi) interior and exterior walls including, (vii) ceilings, (viii) floors, (ix) utility meters, (x) pipes and conduits serving the Building and/or the Premises and (xi) HVAC, electrical, lighting (including, without limitation, all light fixtures, tubes, bulbs and ballasts), plumbing and fire protection and other units, systems and equipment serving the Building and/or the Premises. Tenant shall perform all maintenance, repairs or replacements in a good, workmanlike and lien-free manner in accordance with all applicable Laws. If Tenant fails to make any repairs to the Premises that are required of Tenant and such failure continues for more than fifteen (15) days after written notice from Landlord (although notice will not be required if there is an emergency), then Landlord may itself make the required repairs and Tenant will pay the cost of such repairs to Landlord together with an administrative charge equal to 15% of the cost of such repairs but not to exceed $5,000.00. Tenant will permit no waste, damage or injury to the Premises, and will initiate and carry out a program of regular maintenance and repair of the Premises to keep the same in substantially the same condition as existed on the Commencement Date, reasonable wear and tear excepted. Notwithstanding the foregoing, Tenant shall make no alteration to or adjustment of the fire

protection (sprinkler and alarm) systems without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

Notwithstanding the provisions in this Section 6.1, Tenant shall not be responsible for (1) repairs or replacements necessitated by the willful or negligent act or omission of Landlord, its agents, employees, invitees or representatives; and (2) repairs or replacements which are necessitated by reason of Landlord's failure to perform or observe any term, covenant or condition to be performed or observed by Landlord pursuant to this Lease, unless Landlord's failure to so perform or observe any term, covenant or condition to be performed by or observed by Landlord pursuant to this Lease arises out of or relates to the willful or negligent act or omission of a Tenant Party or Tenant Parties. Landlord agrees to perform all repairs, maintenance and replacements of the type enumerated in clauses (1) and (2) of the preceding sentence of this Section 6.1.

6.2. Maintenance of HVAC and Fire Protection Units. Tenant, at its expense, will, at all times during the Term, employ contractors that will be designated or approved by Landlord to perform Tenant's obligations for maintaining, repairing and replacing the HVAC and fire protection (sprinkler and alarm) units, systems and equipment that exclusively serve the Premises. Tenant will provide Landlord with a copy of each such maintenance contract prior to the Commencement Date (and at least 30 days prior to the end of such contract, Tenant will provide Landlord with a copy of a written extension of such contract or a replacement contract). Such maintenance will include at least quarterly inspections and cleaning of the applicable units, systems and equipment, together with such adjustments and servicing as each such inspection discloses to be recommended or required, and all repairs, testing and servicing as shall be necessary or reasonably required by Landlord, and Tenant will send to Landlord within ten (10) days after receipt, a copy of each such inspection report received by Tenant. Nothing contained in this Section 6.2 will be deemed to be a guarantee by Landlord of the performance or responsibility of any contractor designated or approved by Landlord as herein provided, and Tenant waives all claims against the Landlord Parties for damages to person or property sustained by Tenant or any person claiming through Tenant resulting from, or in any way concerned with, Tenant's employment of a contractor pursuant to the provisions of this Section 6.2. Notwithstanding the foregoing to the contrary, Landlord, at its sole option, may upon prior written notice to Tenant elect to engage its own contractor(s) to perform any or all of the inspections, cleaning and servicing described in this Section 6.2 during or for any periods, in which event (1) Tenant's obligations herein shall be suspended during the applicable periods and with respect to those inspections, cleaning and servicing performed by Landlord's contractor; and (2) the cost of the inspections, cleaning and services performed by Landlord's contractor will be directly billed by Landlord to Tenant.

6.3. Landlord's Maintenance and Repairs. Except as otherwise specifically set forth in this Section 6, Landlord shall have no obligation to perform any maintenance and/or repairs to the Premises it being the intent between Landlord and Tenant that Tenant shall, as its sole obligation and at its sole cost and expense, have the obligation to keep and maintain in good and sanitary condition, working order and repair (including making any necessary replacements) and in compliance with applicable Laws, the Premises throughout the Term of this Lease.

7. UTILITIES AND SERVICES.

7.1. Tenant's Utilities and Services. Tenant will contract in its own name and timely pay all charges for all (1) utilities including, but not limited to, gas, electricity, water, fuel, and sewer (individually, a "**Utility**" and collectively the "**Utilities**"); and (2) services including, but not limited to, telephone, security,

alarm, janitorial, trash and debris removal and pest control (individually, a "**Service**" and collectively the "**Services**") used in, servicing or assessed against the Premises, unless otherwise herein expressly provided. However, Landlord represents to Tenant that as of the Delivery Date that the following utilities will be available at a boundary of the Land: (i) electric, (ii) domestic water, (iii) sanitary sewer and (iv) storm water drainage.

7.2. Interruptions in Utilities or Services. Tenant agrees that Landlord will not be liable for damages for any failure or interruption in furnishing any Utility or Service nor will any such failure or interruption be considered to be an eviction or disturbance of Tenant's use of the Premises or relieve Tenant from its obligation to pay any Rent when due or from any other obligations of Tenant under this Lease. Notwithstanding the foregoing, if any such failure or interruption is caused by the negligence or willful misconduct of any Landlord Party, and such failure or interruption continues for five consecutive business days and as a result thereof Tenant is unable to and does not use all or any significant portion of the Premises for the normal conduct of business (except storage of Tenant's property), then for so long as the failure or interruption continues thereafter, Base Rent and Additional Charges will be abated in the same proportion that the leasable area of the portion of the Premises that Tenant is unable to (and does not) use as a result of the failure or interruption bears to the total leasable area of the Premises, provided that in the event the condition exists solely in the Premises, the abatement will not commence until the sixth consecutive business day after Tenant notified Landlord of such condition. The aforesaid abatement will be Tenant's sole remedy and Landlord's sole liability for any failure or interruption in furnishing Utilities and Services to the Premises, and in no event will Landlord be liable for Tenant's loss of business or profits.

8. ENVIRONMENTAL MATTERS.

8.1 Tenant's Representations, Warranties and Covenants. Tenant represents, warrants and covenants to and with Landlord that:

(A) Tenant has the full right, power, and authority to carry out its environmental obligations hereunder.

(B) Tenant is financially capable of performing and satisfying its environmental obligations hereunder.

(C) Tenant is not now in violation of any applicable Environmental Law, including, but not limited to, any Environmental Law relating to the generation, handling, usage, transportation, treatment, storage, or disposal of Hazardous Materials at the Premises, nor is it subject to any threatened, existing, or pending action by any governmental authority in connection therewith.

(D) Tenant's generation, handling, usage, transportation, treatment, storage, or disposal of Hazardous Materials at the Premises will (1) at all times comply with applicable Environmental Laws; and (2) not cause or allow any Environmental Condition to occur or exist.

(E) Tenant, at its expense, will comply with each Environmental Law pertaining to the Premises, and with all directions, regardless of when they become effective, of all public officers issued pursuant to any Environmental Law, which shall impose any duty upon the owner or operator with respect to the use or occupancy of the Premises.

(F) Tenant will not install, use or operate any above ground and/or underground storage tank(s) without the express written permission of Landlord, which permission may not be unreasonably

withheld, conditioned or delayed by Landlord. In the event Landlord gives its express written permission to Tenant to install, use or operate an above ground and/or underground storage tank(s) at the Premises any such tank(s) shall be known as the "**Permitted Tanks**" for purposes of this Lease. Tenant shall have the right to use the Permitted Tanks solely in conjunction with Tenant's operations at the Premises and for Tenant's sole use. Tenant, at its expense, shall keep and maintain the Permitted Tanks in good condition, working order and repair (including making any necessary replacements) and in compliance with all applicable Laws and in accordance with the terms of this Lease, including without limitation, Section 8 of this Lease. Upon the expiration of the Term, or the earlier termination of this Lease, Tenant shall, at its sole cost and expense, empty the contents of the Permitted Tanks and lawfully dispose of same and further, Tenant shall, at its sole cost and expense, provide Landlord with the following documentation: (a) a limited Phase II environmental assessment report (the "**Phase II**") conducted and prepared by an environmental engineer or environmental consulting firm, acceptable to Landlord in it reasonable discretion, indicating that the Permitted Tanks are in compliance with Section 8 of this Lease (including any and all Environmental Laws) and (b) that no Environmental Condition exists relating to or arising out of the use and existence of the Permitted Tanks; and (c) Tenant shall, at its sole cost and expense, (i) complete any recommendation(s) made in such Phase II provided that such recommendation(s) are required to be satisfied in order to comply with Environmental Laws and (ii) obtain and deliver to Landlord a certification from the issuer of the Phase II that such recommendations have been completed. Tenant's obligations under this Section 8.3 shall survive the expiration of the Term or the earlier termination of this Lease.

8.2 Landlord's Representations, Warranties and Covenants. Landlord represents, warrants and covenants with Tenant that:

(A) Landlord has the full right, power, and authority to carry out its environmental obligations hereunder.

(B) Landlord is financially capable of performing and satisfying its environmental obligations hereunder.

(C) Landlord's generation, handling, usage, transportation, treatment, storage, or disposal of Hazardous Materials at the Premises will (1) at all times comply with applicable Environmental Laws; and (2) not cause any Environmental Condition to occur or exist.

(D) Landlord, at its expense, will comply with each Environmental Law pertaining to Landlord's use of the Premises, and with all directions, regardless of when they become effective, of all public officers issued pursuant to any Environmental Law, which shall impose any duty upon the owner or operator with respect to the use or occupancy of the Premises, except to the same such duties are assumed by Tenant under this Lease and by other tenants of the Premises under their respective leases.

(E) To Landlord's actual knowledge as of the Effective Date, except as otherwise provided in the Environmental Reports, a copy of which reports have been delivered by Landlord to Tenant, there are no Environmental Conditions affecting the Premises.

8.3 Notice. Tenant will give prompt written notice to Landlord of (1) any proceeding or inquiry by any governmental authority with respect to the presence of any Hazardous Materials on the Premises or the migration thereof from or to other areas; (2) all claims and potential claims made, inquired about, or threatened by any third party against Tenant or the Premises relating to any loss or injury resulting from any Hazardous Materials; and (3) Tenant's discovery of any occurrence or condition on any Premises adjoining or in the vicinity of the Premises that could cause the Premises or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Premises under any Environmental Law.

8.4 Tenant Indemnification. Tenant will defend with counsel reasonably approved by Landlord, all actions against any Landlord Party with respect to, and pay, protect, indemnify, and hold harmless, to the extent permitted by Law, the Landlord Parties from and against any and all Environmental Costs of any nature arising out of, or claimed to be arising out of, any Environmental Conditions caused by Tenant's use or occupancy of the Premises or by the acts or omissions of any Tenant Party. Notwithstanding anything in this Lease to the contrary, Landlord agrees that Tenant will not be responsible for Environmental Conditions to the extent that such Environmental Conditions (1) exist as of the Commencement Date; or (2) result from the actions or omissions of any Landlord Party. This indemnification will include, but will not be limited to, Environmental Costs arising out of any violations of Environmental Laws, regardless of any real or alleged fault of any person or entity. The foregoing indemnity will survive the end of the Term.

8.5 Landlord Indemnification. Landlord will defend with counsel reasonably approved by Tenant, all actions against any Tenant Party with respect to and pay, protect, indemnify and hold harmless, to the extent permitted by Law, the Tenant Parties from and against any and all Environmental Costs of any nature arising out of, or claimed to be arising out of, any Environmental Conditions caused by Landlord's use or operation of the Premises or by the acts or omissions of any Landlord Party.

8.6 Inspection. Landlord shall have the right, but not the duty, to inspect the Premises at any reasonable time after notice to Tenant to determine whether Tenant is complying with the terms of this Section 8. If Tenant is not in compliance, then Landlord will have the right to immediately enter upon the Premises to remedy, at Tenant's expense, any Environmental Conditions caused by Tenant's failure to comply, notwithstanding any other provision of this Lease to the contrary. Such remediation measures will be done in accordance with Environmental Laws and/or the requirements of any governmental authority having jurisdiction over such matters. Tenant will pay to Landlord, as Additional Rent, all Environmental Costs incurred by Landlord in performing any such remediation measures within 30 days after Landlord's written request therefore. Landlord will use reasonable efforts to minimize interference with Tenant's business operations, but Landlord will not be liable for any interference caused thereby.

8.7 Definitions. For purposes of this Lease, the following terms will have the following meanings.

8.7.1 **"Environmental Conditions"** mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of Hazardous Materials other than in compliance with applicable Environmental Laws. The term "Environmental Conditions" includes, but is not limited to, the presence of Hazardous Materials attributable to the operation of any underground or above-ground storage tanks, oil/water separators, or in-ground hydraulic lifts or hoists, and associated equipment.

8.7.2 "**Environmental Costs**" mean any and all judgments, damages, penalties, fines, costs, liabilities, obligations, losses, or expenses of whatever kind and nature (including, but not limited to, diminution in value of the Premises, damages for the loss or restriction on use of leaseable space, damages arising from any adverse impact on marketing of space, sums paid in settlement of claims, attorney fees, consultant fees and expert fees), arising from or incurred in connection with Environmental Conditions, including, but not limited to, those relating to the presence, investigation, or remediation of Hazardous Materials.

8.7.3 **"Environmental Law(s)** mean any and all federal, state or local laws, regulations, ordinances, rules, orders, directions, requirements or court decrees pertaining to health, industrial hygiene, or the environmental conditions on, under or about the Premises, including, but not limited to, the Resource Conservation and Recovery Act, as amended (42 U.S.C. §6901, *et seq.*), and regulations promulgated thereunder ("**RCRA**"); the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. §9601, *et seq.*), and regulations promulgated thereunder ("**CERCLA**"), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801, *et seq.*), and regulations promulgated thereunder; the Toxic Substances Control Act, as amended (15 U.S.C. §2601, *et seq.*), and regulations promulgated thereunder; the Federal Insecticide, Fungicide and Rodenticide Act, as amended (7 U.S.C. §136, *et seq.*), and regulations promulgated thereunder; the Federal Water Pollution Control Act (the Clean Water Act), as amended (33 U.S.C. §1251, *et seq.*), and regulations promulgated thereunder; the Safe Drinking Water Act, as amended (42 U.S.C. §300f *et seq.*), and regulations promulgated thereunder; the Clean Air Act, as amended (42 U.S.C. §7401 *et seq.*), and regulations promulgated thereunder; and all parallel, similar or relevant Laws.

8.7.4 "**Hazardous Materials**" mean any (1) hazardous waste as defined in RCRA; (2) hazardous substance as defined in CERCLA; (3) petroleum or liquid petroleum or wastes; and (4) any other toxic or hazardous substances that may be regulated from time to time by applicable Environmental Laws.

9. CONDITION OF PREMISES. Except as specifically set forth in this Lease, no agreement of Landlord to alter, remodel, decorate, clean or improve the Premises or to demolish and/or remove any improvements, equipment or property located in the Premises (or to provide Tenant with any credit or allowance for any of the foregoing), and no representation regarding the condition of the Premises or the Premises have been made by or on behalf of Landlord or relied upon by Tenant, it being agreed that Tenant will accept the Premises in an "as-is" "where-is" condition and configuration on the Delivery Date.

10. RULES AND REGULATIONS. Tenant will observe and comply, and will cause the Tenant Parties to observe and comply, with the rules and regulations listed on Exhibit C attached hereto and with such reasonable modifications and additions thereto as Landlord may make from time to time (collectively, the "**Rules and Regulations**"). In the event of a conflict between the terms of the Rules and Regulations and the Lease, the terms of the Lease shall control.

11. CERTAIN RIGHTS RESERVED TO LANDLORD. Landlord reserves the following rights, each of which Landlord may exercise without notice to Tenant and without liability to Tenant, and the exercise of any such rights will not be deemed to constitute an eviction or disturbance of Tenant's use or possession of the Premises and will not give rise to any claim for set-off, deduction, or abatement of rent or any other claim: (1) to change the name or street address of the Building or the Premises if required to by applicable

governmental authority or by Law; (2) to install, affix and maintain any and all signs (including "For Lease" or "For Sale" signs) on the exterior or interior of the Building and in and about the Premises; (3) to make repairs, decorations, alterations, additions, or improvements, whether structural or otherwise, in and about the Premises, including, but not limited to, expansion or contraction of the land upon which the Building is situated and/or the leasable area of the Building and for such purposes to enter upon the Premises, temporarily close doors, corridors and other areas in the Building and interrupt or temporarily suspend Utilities; provided, that Landlord will use commercially reasonable efforts to maintain reasonable accessibility to the Premises and will minimize disruption to Tenant's business activities; (4) to retain at all times, and to use in appropriate instances, keys to all doors within and into the Premises; (5) to show or inspect the Premises at reasonable times with reasonable prior notice and, if vacated or abandoned, to prepare the Premises for re-occupancy; (6) to install, use and maintain in and through the Premises pipes, conduits, wires and ducts serving the Building, provided that such installation, use and maintenance does not unreasonably interfere with Tenant's use of the Premises; and (7) to take any other action which Landlord deems reasonable in connection with the operation, maintenance or preservation of the Premises. Notwithstanding the foregoing, Landlord's exercise of its rights under this Section 11 shall not have the effect of materially altering or diminishing Tenant's use or enjoyment of the Premises.

12. ALTERATIONS.

12.1. Requirements. Tenant will not make any opening in the roof, exterior walls or demising walls of the Building or any other alteration, improvement or addition to or removal from the Premises (individually, an "**Alteration**" and collectively the "**Alterations**") without the prior written consent of Landlord in each such instance. In the event Tenant proposes to make any Alteration, Tenant will, prior to commencing such Alteration, submit to Landlord for prior written approval (1) detailed plans and specifications reasonably acceptable to Landlord (and Tenant will thereafter submit to Landlord for approval any and all proposed changes to such plans and specifications); (2) names and addresses of all contractors, which shall be reasonably acceptable to Landlord, and copies of all contracts with said contractors; (3) a detailed cost estimate, certified by the architect who prepared the plans and specifications; (4) all necessary permits evidencing compliance with all applicable governmental rules, regulations and requirements; (5) certificates of insurance in form and amounts reasonably required by Landlord, naming the Landlord Parties as additional insureds; and (6) all other documents and information as Landlord may reasonably request in connection with such Alteration. Notwithstanding the foregoing to the contrary, Landlord's consent will not be required (but Tenant will give Landlord not less than ten days' prior written notice) for any Alteration that (1) satisfies all of the following criteria: (a) will not materially affect the HVAC, electrical, lighting, plumbing, fire protection, security and structural units, systems and equipment of the Building, (b) does not require openings on the roof or exterior walls of the Building, and (c) does not exceed $50,000 in the aggregate in any one instance; or (2) satisfies all of the following criteria (the "**Cosmetic Work**"): (a) is of a cosmetic nature such as painting, wallpapering, and carpet installation, (b) will not affect the HVAC, electrical, lighting, plumbing, fire protection, security and structural units, systems and equipment of the Building, and (c) does not require work to be performed inside the walls or above the ceiling of the Premises; provided, however, that the performance of Cosmetic Work shall remain subject to all of the other provisions of this Section 12. Tenant will pay the entire cost of any Alteration and, if requested by Landlord, will deposit with Landlord prior to the commencement of any Alteration, security for the payment and completion of such Alteration in form and amount required by Landlord. Provided that the Alteration is not Cosmetic Work, Tenant will pay to Landlord within 30 days after billing the sum of $500. Landlord's approval of any Alteration will not constitute a representation by Landlord that such Alteration complies with applicable Laws and insurance company requirements or will be adequate for Tenant's use. All Alterations (1) shall be performed in a good and workmanlike manner, in accordance

with the plans and specifications approved by Landlord; (2) will be performed at times and in accordance with rules, regulations and procedures reasonably established by Landlord to avoid disruption to Landlord's other tenants, employees and contractors; (3) will meet or exceed the standards for construction and quality of materials established by Landlord for the Building; and (4) will be performed in compliance with all applicable Laws and insurance company requirements. Upon completion of any Alteration, Tenant will deliver to Landlord (1) all contractor's and subcontractor's affidavits and full and final waivers of lien for all labor, services or materials; and (2) "as-built" plans of such Alteration.

12.2. Ownership. Each Alteration, whether temporary or permanent in character, made by Landlord or Tenant in and upon the Premises (excepting only Tenant's Property) will become Landlord's property and will remain upon the Premises at the expiration or termination of this Lease without compensation to Tenant; provided, however, that Landlord will have the right to require Tenant to remove such Alteration or any portion of such Alteration (the "**Required Removables**") at Tenant's sole cost and expense in accordance with Section 19 of this Lease. Tenant, at the time it requests Landlord's consent for any proposed Alteration, may request in writing that Landlord advise Tenant if such Alteration or any portion of such Alteration will be required to be removed. Landlord will advise Tenant in writing as to which portions of such Alteration, if any, will be required to be removed at the same time as (but shall be an independent determination from) Landlord's consent to the making of such Alteration.

13. LIENS.

13.1. Lien Claims. Tenant will not do any act that will in any way encumber the title of the Landlord in and to the Property nor will any interest or estate of Landlord in the Premises be in any way subject to any claim by way of lien or encumbrance, whether by operation of law or by virtue of any express or implied contract by Tenant, and any claim to or lien upon the Premises arising from any act or omission of Tenant will accrue only against the leasehold estate of Tenant under this Lease and will in all respects be subject and subordinate to the paramount title and rights of Landlord in and to the Premises. Tenant will not permit the Premises to become subject to any mechanics', laborers', or materialmen's lien on account of labor or material furnished to Tenant or claimed to have been furnished to Tenant in connection with work of any character performed or claimed to have been performed on the Premises or the Premises by or at the direction or sufferance of Tenant; provided, however that Tenant will have the right to contest in good faith and with reasonable diligence, the validity of any such lien or claimed lien if Tenant will first either (1) give to Landlord an amount equal to 120% of the amount of the lien or claimed lien which, together with interest thereon, which will be held by Landlord as security to insure payment thereof and to prevent any sale, foreclosure or forfeiture of the Premises by reason of non-payment thereof; (2) bond over such lien in accordance with the statutory bonding procedures (if any) in effect in the state in which the Premises is located so that such lien is no longer an encumbrance against title to the Premises, or (3) cause a title insurance company satisfactory to Landlord to insure over such lien in favor of Landlord, any present or future Mortgagee and any prospective purchaser of the Premises. If Tenant elects to deposit such sums with Landlord, then Landlord will hold the amount so deposited with Landlord in an account established at a federally insured banking institution until satisfactory removal of said lien or claim of lien. On any final determination of the lien or claim for lien, Tenant will immediately pay any judgment rendered, with all proper costs and charges, and will, at its own expense, have the lien released and any judgment satisfied. If Tenant fails to diligently contest and pursue such lien contest, Landlord may, at its option, use the sums so deposited to discharge any such lien and upon the renewal of such lien or encumbrance Landlord will pay all such sums remaining on deposit to Tenant.

13.2. Landlord's Right to Cure. If Tenant fails to contest the validity of any lien or claimed lien or fails to either give security to Landlord to insure payment thereof or to bond or insure over such lien, or fails to prosecute such contest with diligence, or fails to have the same released and satisfy any judgment rendered thereon, then Landlord may, at its election (but will not be so required) remove or discharge such lien or claim for lien (with the right, in its discretion, to settle or compromise the same), and any amounts advanced by Landlord, including reasonable attorneys' fees, for such purposes will be deemed to be additional rent due from Tenant to Landlord on the first day of the next calendar month after any such payment, with the interest thereon at the Default Rate from the date so advanced until the date paid in full.

14. INSURANCE.

14.1. Landlord's Insurance. Landlord will purchase and maintain throughout the Term the following policies of insurance: (a) Commercial General Liability Insurance on non-contributory basis (with broad form commercial general liability endorsement), insuring Landlord and naming the Landlord Parties and any other parties designated by Landlord from time to time as additional insureds, covering, without limitation, any liability for bodily injury, personal injury, including death, and property damage arising out of Tenant's operations, acts, omissions, assumed liabilities or use of the Premises, having a combined single limit of at least Two Million Dollars ($2,000,000) and containing a deductible not in excess of Ten Thousand Dollars ($10,000)(the "**Landlord's Liability Insurance**") and (b) loss of rent coverage with limits not less than twelve (12) months of Rent (the "**Loss of Rents Coverage**") and shall name (i) Landlord as loss payee as its interest may appear and (ii) each Mortgagee. The Landlord's Liability Insurance and the Loss of Rents Coverage shall collectively be known as "**Landlord's Insurance**". The cost and expense for Landlord's Insurance shall be included in Additional Charges and paid by Tenant in accordance with the terms and conditions of this Lease The Tenant, at its sole cost and expense, shall have the option to purchase and maintain the Landlord's Insurance directly from its insurance carrier and not have such cost and expense included as an Additional Charge; provided that the such insurance coverage meets the minimum standards herein and is approved by prior written consent of Landlord.

14.2. Tenant's Insurance. Tenant, at its sole cost and expense, will purchase and maintain in effect throughout the Term, the following policies of insurance, for the benefit of Tenant and naming the Landlord Parties, as additional insureds, issued by companies that have an "A.M. Best's" rating of "A-XII" or higher with the following coverages in the following amounts (and with any increases in such amounts which Landlord may require upon not less than 30 days' prior written notice to Tenant; provided such increases are consistent with the limits then being required of tenants by other landlords of comparable buildings in the same geographic area as the Building):

(A) Commercial General Liability Insurance on a primary and non-contributory basis (with broad form commercial general liability endorsement), insuring Tenant and naming the Landlord Parties and any other parties designated by Landlord from time to time as additional insureds, covering, without limitation, any liability for bodily injury, personal injury, including death, and property damage arising out of Tenant's operations, acts, omissions, assumed liabilities or use of the Premises, having a combined single limit of at least $2,000,000.00.

(B) Property Insurance ("**Property Insurance**") including, but not limited to, fire, sprinkler leakage, vandalism and all other risks of direct physical loss as insured against under special broad form coverage endorsement (y) in amounts which would cover the full replacement cost of all additions, improvements and alterations to the Property, including without limitation the

Building, and providing that the Landlord Parties and any other parties designated by Landlord from time to time are loss payees or additional insureds as their interests may appear (the "**Landlord's Property**") and (z) covering all office furniture, trade fixtures, office equipment, machinery, movable partitions, wall and floor coverings, inventory, merchandise and all other items of Tenant's property on the Premises (collectively, "**Tenant's Property**"). Such insurance will be written on an "all risks" of physical loss or damage basis, for the full replacement cost value of the covered items and in amounts that meet any coinsurance clause of the policies of insurance. In the event of a loss, in all cases the proceeds of such insurance will be used for the repair or replacement of the property insured; except that if this Lease is terminated in accordance with the terms and conditions of Section 16 of this Lease following a casualty, the proceeds applicable to the Landlord's Property will be paid to Landlord and the proceeds applicable to Tenant's Property will be paid to Tenant.

(C) Worker's Compensation Insurance covering all employees of Tenant performing work in, on, or with respect to the Premises, in amounts not less than those required by Law.

(D) Employers liability insurance covering all employees of Tenant performing work in, on or with respect to the Premises, in amounts not less than $1,000,000.00 for each accident and $1,000,000.00 for diseases of each employee, agent and contractor.

(E) Extra expense and business interruption insurance with limits not less than twelve months of Base Rent, naming Landlord as loss payee, as its interest may appear.

(F) Automobile Insurance covering all owned, non-owned and hired automobiles with limits of liability of not less than $1,000,000.00 for bodily injury to any one person, and $1,000,000.00 for property damage for each accident.

(G) Umbrella or Excess Liability Insurance in amounts not less than $3,000,000.00.

Tenant will concurrently with Tenant's execution of this Lease and from time to time thereafter upon insurance renewals, furnish to Landlord certificates of insurance evidencing such coverage and with renewal certificates no less than 30 days prior to the expiration of such policies, which certificates of insurance will not be amended, changed or canceled by Tenant without reasonable written notice to Landlord or, if not by Tenant, without Tenant notifying Landlord immediately thereafter.

14.3. Waiver of Subrogation. Landlord and Tenant each waives any and every claim for recovery from the other for any and all loss or damage to the Premises or to the contents thereof, whether such loss or damage is due to the negligence of any Landlord Party or any Tenant Party, to the extent that the amount of such loss or damage is recovered under its policies of insurance.

14.4. Avoid Action Increasing Rates. Tenant will comply with all applicable Laws, and requirements and recommendations of insurance rating agencies with respect to the Premises, and will not, directly or indirectly, make any use of the Premises that may thereby be prohibited, that may jeopardize any insurance coverage, increase the cost of insurance, or require additional insurance coverage. If Tenant fails to comply with the provisions of this Section 14.4, then, Landlord, in addition to any other rights or remedies available to Landlord, shall have the option to terminate this Lease, and may require Tenant to make immediate payment of any increase in Landlord's insurance costs.

14.5. Failure to Insure. If Tenant fails to maintain any insurance that Tenant is required to maintain pursuant to this Section 14, then Tenant will be liable to Landlord for any loss or costs resulting from such failure to maintain such insurance. Tenant may not self-insure against any risks required herein to be covered by insurance.

14.6. No Representation. Landlord makes no representation that the limits of liability specified to be carried by Tenant under this Section 14 are adequate to protect Tenant. In the event Tenant believes that any such insurance coverage called for under this Lease is insufficient, Tenant will provide, at its own expense, such additional insurance as Tenant deems adequate.

14.7. Additional Requirements. Tenant will require each of its contractors and trades people, and their relevant subcontractors, to carry insurance in amounts and standards specified in this Section 14 excluding coverage required in Section 14.2(E), and Section 14.2(F) as it pertains to contractors personal property, or as Landlord may from time to time require.

15. INDEMNITY.

15.1. Tenant Indemnity. Tenant agrees to indemnify, defend and hold harmless Landlord, Landlord's members, each Mortgagee and their respective directors, officers, shareholders, affiliates, agents and employees (Landlord and each of said persons and entities being herein individually called a **"Landlord Party"** and collectively called the **"Landlord Parties"**), from and against any and all claims, demands, actions, liabilities, damages, costs and expenses (including reasonable attorneys' fees), for injuries to any persons and damage to or theft or misappropriation or loss of property occurring in or about the Premises and arising from the use and occupancy of the Premises or from any activity, work, or thing done, permitted or suffered by Tenant in or about the Premises, including, but not limited to, any Tenant's Work performed by or on behalf of Tenant (except if and to the extent same is caused by the gross negligence or willful misconduct of any Landlord Party), or from any Default by Tenant under this Lease or due to any other act or omission of Tenant, its subtenants, assignees, invitees, licensees, employees, contractors and agents (Tenant and each of said persons and entities being hereinafter individually called a **"Tenant Party"** and collectively called the **"Tenant Parties"**), except to the extent same was caused by the gross negligence or willful misconduct of the Landlord Parties. If any such proceeding is filed against any Landlord Party, then Tenant shall defend such Landlord Party in such proceeding at Tenant's sole cost by legal counsel reasonably satisfactory to such Landlord Party, if requested by such Landlord Party. The foregoing indemnity shall survive the end of the Term.

15.2. Landlord Indemnity. Landlord agrees to indemnify, defend and hold harmless the Tenant Parties from and against any and all claims, demands, actions, liabilities, damages, costs and expenses (including reasonable attorneys' fees), for injuries to any persons and damage to or theft or misappropriation or loss of property occurring in or about the Premises and arising from the use and occupancy of the Premises, or from any activity, work, or thing done, permitted or suffered, by Landlord in or about the Premises (except if to the extent same is caused by the gross negligence or willful misconduct of any Tenant Party), or from any breach or default on the part of Landlord in the performance of any covenant or agreement on the part of Landlord to be performed under this Lease or due to any other act or omission of the Landlord Parties, except to the extent same was caused by the gross negligence or willful misconduct of the Tenant Parties. If any such proceeding is filed against any Tenant Party, then Landlord shall defend such Tenant Party in such proceeding at Landlord's sole cost by legal counsel reasonably satisfactory to such Tenant Party, if requested by such Tenant Party. The foregoing indemnity shall survive the end of the Term.

16. FIRE AND CASUALTY.

16.1. Damage. If fire or other casualty damages all or any part of the Premises, Tenant will immediately notify Landlord in writing. During any period of time that all or a material portion of the Premises is rendered untenantable as a result of a fire or other casualty, Base Rent and Additional Charges will abate for the portion of the Premises that is untenantable and not used by Tenant (unless such fire or other casualty was caused by any Tenant Party). Landlord will have the right to terminate this Lease if: (1) the Building is damaged so that, in Landlord's reasonable judgment, substantial alteration or reconstruction of the Building is required; (2) Landlord is not permitted by Law to rebuild the Building in substantially the same form as existed before the fire or casualty; (3) the Building has been materially damaged and there is less than two years of the Term remaining on the date of the casualty; (4) any Mortgagee requires that the Property Insurance proceeds be applied to the payment of the mortgage debt in which event Tenant shall cause the Property Insurance proceeds to be paid over to Landlord or as otherwise directed by Landlord; or (5) a material (exceeding $250,000) uninsured loss to the Building occurs. Landlord may exercise its right to terminate this Lease by notifying Tenant in writing within 60 days after the date of casualty. If Landlord does not terminate this Lease, Landlord will commence and proceed with reasonable diligence to repair and restore the Building provided that Tenant shall cause all of the proceeds of the Property Insurance to be paid over to Landlord and Landlord shall use such proceeds to repair and restore the Building. However, in no event will Landlord be required to spend more than the insurance proceeds received by Landlord. Landlord will not be liable for any loss or damage to Tenant's Property or to the business of Tenant resulting in any way from the fire or other casualty or from the repair and restoration of the damage. Notwithstanding anything to the contrary herein contained, in the event Landlord does not otherwise terminate this Lease in accordance with the terms and conditions of this Section 16, in no event will Landlord have any obligation to repair or restore the Building unless and until Landlord receives the proceeds of the Property Insurance from Tenant or its agent.

16.2. Restoration. If all or any portion of the Premises is made untenantable by fire or other casualty, Landlord will, with reasonable promptness, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again, using standard working methods (the **"Completion Estimate"**). If the Completion Estimate indicates that the Premises cannot be made tenantable within 270 days after the date of such fire or other casualty, then regardless of anything in Section 16.1 above to the contrary, either party will have the right to terminate this Lease by giving written notice to the other of such election within ten days after receipt of the Completion Estimate. Tenant, however, will not have the right to terminate this Lease if any Tenant Party caused the fire or casualty. If the damage was due to an act or omission of a Tenant Party, then Tenant will pay to Landlord the difference between the actual cost of repair and any insurance proceeds received by Landlord.

17. CONDEMNATION. Either party may terminate this Lease if the whole or any material part of the Premises is taken or condemned for any public or quasi-public use under any applicable Law, by eminent domain or private purchase in lieu thereof (each, a "**Taking**"). Landlord may also terminate this Lease if there is a Taking of any portion of the Building or Premises that would leave the remainder of the Building unsuitable for use in the manner comparable to the use of the Building prior to the Taking. In order to terminate this Lease, Landlord or Tenant, as the case may be, must provide written notice of termination to the other within 45 days after the terminating party first receives notice of the Taking. Any such termination will be effective as of the date the physical taking of a portion, or all, of the Building or the Premises occurs. If this Lease is not terminated, the leasable area of the Premises will, if applicable, be appropriately adjusted.

In addition, Rent for any portion of the Premises taken or condemned will be abated during the unexpired Term effective as of the date when the physical taking of the portion of the Premises occurs. All compensation awarded for a Taking, or sale proceeds, will be the property of Landlord, any right to receive compensation or proceeds being expressly waived by Tenant. However, Tenant may file a separate claim at its expense, for Tenant's Property and Tenant's reasonable relocation expenses, provided the filing of the claim does not materially diminish the award that would otherwise be received by Landlord.

18. ASSIGNMENT AND SUBLETTING.

18.1. Transfer. Except in connection with a Permitted Transfer, Tenant will not, without the prior written consent of Landlord, not to be unreasonably withheld, conditioned or delayed: (1) assign, re-assign, convey, mortgage or otherwise transfer this Lease or any interest hereunder; (2) sublease the Premises, or any part thereof, whether voluntarily or by operation of Law; or (3) permit the use of the Premises by any person or entity other than Tenant and its employees. Any such transfer, sublease or use described in the preceding sentence is hereinafter called a "**Transfer**". Landlord's consent to any Transfer will not constitute a waiver of Landlord's right to withhold its consent to any future Transfer. Landlord's consent to any Transfer or acceptance of rent from any party other than Tenant will not release Tenant from any covenant or obligation under this Lease. Landlord may require as a condition to its consent to any assignment of this Lease that the assignee sign a commercially reasonable form of assumption agreement. Except as provided below with respect to a Permitted Transfer, if Tenant is a corporation, limited liability company, partnership, or similar entity, and if the person or entity which owns or controls a majority of the voting shares/rights in Tenant at any time changes for any reason (including, but not limited to, a merger, consolidation or reorganization), such change of ownership or control will constitute a Transfer. The foregoing will not apply so long as Tenant is an entity whose outstanding stock is listed on a recognized security exchange, or if at least 51% of its voting stock is owned by another entity, the voting stock of which is so listed.

18.2. Permitted Transfer. Notwithstanding Section 18.1 above to the contrary, Tenant may assign its interest in this Lease or sublease all or any part of the Premises (each a "**Permitted Transfer**") to a Permitted Transferee without Landlord's prior written consent; provided, that (1) Tenant gives Landlord a written notice of any Permitted Transfer not later than 30 days prior to the effective date of such Permitted Transfer, together with current financial statements of Tenant and of the Permitted Transferee; (2) Tenant is not in Default under this Lease; (3) with respect to a Permitted Transfer involving an assignment of this Lease, the Permitted Transferee assumes this Lease by a written assumption agreement in form acceptable to Landlord, delivered to Landlord prior to the effective date of such Permitted Transfer; (4) the Permitted Transferee will use the Premises only for the Permitted Use; (5) the use of the Premises by the Permitted Transferee will not violate any other agreements or leases affecting the Premises; (6) the occurrence of a Permitted Transfer will not waive Landlord's rights as to any subsequent Transfer; and (7) Tenant will not be released from any liability under this Lease (whether past, present or future) by reason of such Permitted Transfer. As used herein, "**Affiliate**" means any person or entity who or which controls, is controlled by, or is under common control with Tenant; "**Successor**" means any business entity in which or with which Tenant is merged or consolidated in accordance with applicable statutory provisions governing merger and consolidation of business entities, so long as (1) Tenant's obligations under this Lease are assumed by the Successor; and (2) the Tangible Net Worth of the Successor is not less than the greater of the Tangible Net Worth of Tenant on the date hereof or the Tangible Net Worth of Tenant immediately preceding the effective date of such merger or consolidation; "**Purchaser**" means any person or entity who or which acquires all or substantially all of the assets of Tenant, so long as the Tangible Net Worth of the Purchaser is not less than the greater of the Tangible Net Worth of Tenant as of the date hereof or the Tangible Net Worth of Tenant

immediately preceding such acquisition; "**Permitted Transferee**" means an Affiliate, Successor or Purchaser; and "**Tangible Net Worth**" means the excess of total assets over total liabilities, in each case as determined in accordance with generally accepted accounting principles consistently applied ("**GAAP**"), excluding however, from the determination of total assets, all assets which would be classified as intangible assets under GAAP, including, without limitation, good will, licenses, patents, trademarks, trade names, copyrights and franchises.

18.3. Tenant's Request for Consent. If Tenant desires the consent of Landlord to a Transfer, Tenant will submit to Landlord at least 20 days prior to the effective date of the Transfer, a written notice which includes current financial statements for the transferee, a complete copy of the Transfer documents and such other information as Landlord may reasonably request. If Landlord does not terminate this Lease, in whole or in part, pursuant to Section 18.5 below, then Landlord will not unreasonably withhold its consent to any assignment or sublease. Landlord will not be deemed to have unreasonably withheld its consent if, in the judgment of Landlord: (1) the purpose for which the transferee intends to use the Premises or portion thereof differs in any way from the Permitted Use; or (2) any portion of the Premises or the Premises would likely become subject to additional or different Laws as a result of the Transfer or the intended use of the Premises by the transferee would, in Landlord's reasonable judgment, more likely cause a violation of Section 8 of this Lease or any other tenant's lease. If Tenant is in Default at the time Tenant requests Landlord's consent to a proposed Transfer, then Landlord's consent to such Transfer may be conditioned upon Tenant curing such Default. If Landlord wrongfully withholds its consent to any Transfer, Tenant's sole and exclusive remedy therefor will be to seek specific performance of Landlord's obligation to consent to such Transfer. In addition, Tenant will pay to Landlord, per request, the greater of (i) $500, or (ii) all reasonable attorneys' fees and expenses incurred by Landlord in connection with any Transfer, whether or not Landlord consents to such Transfer.

18.4. Excess Rent. If Landlord consents to a Transfer, then Tenant will pay Landlord 50% of all rent and other consideration that Tenant receives as a result of a Transfer that is in excess of the Base Rent and Additional Rent payable to Landlord for the portion of the Premises and Term covered by the Transfer. Tenant will pay Landlord for Landlord's share of any excess within 30 days after Tenant's receipt of each such excess consideration. Tenant may deduct from the excess all reasonable and customary expenses directly incurred by Tenant and attributable to the Transfer (other than Landlord's review fee), including brokerage fees, legal fees and construction costs.

18.5. Recapture. Landlord may terminate this Lease as to that portion of the Premises covered by a Transfer by giving notice to Tenant at any time within 20 days after the date on which Tenant has furnished to Landlord all of the items required under Section 18.3 above. If Landlord terminates this Lease pursuant to this Section 18.5, Landlord will recover possession of, and Tenant will surrender such portion of, the Premises (with appropriate demising partitions erected at the expense of Tenant) on the later of (1) the effective date of the proposed Transfer; or (2) 60 days after the date of Landlord's notice of termination. In the event Landlord terminates this Lease pursuant to this Section 18.5, Landlord may enter into a lease with the proposed transferee without incurring any liability to Tenant on account thereof.

18.6. Assignment of Sublease Revenues. Tenant absolutely assigns to Landlord all of Tenant's right, title and interest in and to all revenues from each sublease of all or any portion of the Premises; provided, however, that Landlord grants Tenant a license, which shall remain in effect so long as no Default exists, to collect all such revenues (subject to Tenant's obligation to deliver certain of such revenues to Landlord under Section 18.4 above). Upon the occurrence of a Default, Landlord may revoke such license

by written notice to Tenant and may, by written notice to any subtenant of Tenant, demand that such subtenant pay all such revenues directly to Landlord. In such event Tenant hereby irrevocably authorizes and directs any such subtenant to pay such revenues to Landlord, and further agrees (1) that any such subtenant will be obligated and entitled to pay such revenues to Landlord notwithstanding any contrary contentions or instructions later received from Tenant; and (2) that no such subtenant will have any liability to Tenant for any such revenues paid to Landlord in accordance with the foregoing. Landlord will not be entitled to use or enjoy any such revenues except for the purpose of applying such revenues against unfulfilled obligations of Tenant hereunder, or to reimburse Landlord for costs incurred as a result of any Default, or to compensate Landlord for other losses suffered by Landlord as a result of any Default. Any such revenues remaining in Landlord's possession following the cure of all Defaults and the reimbursement of all such costs and losses will be delivered to Tenant. No such notice to any subtenant or receipt of revenues from any subtenant shall be deemed to constitute either (1) Landlord's consent to such sublease; or (2) the assumption by Landlord of any obligation of Tenant under such sublease, nor will any such notice or receipt create privity of contract between Landlord and the applicable subtenant or be construed as a non-disturbance or similar agreement between Landlord and such subtenant.

19. SURRENDER.

19.1. Condition at Surrender. Upon the end of the Term or termination of Tenant's right to possession of the Premises, Tenant will at once surrender and deliver up the Premises to Landlord, Broom Clean and in Good Condition, ordinary wear and damage by fire or other casualty excepted. As used herein, "**Broom Clean**" means free from all debris, dirt, rubbish, oil, grease, tire tracks, marking tape or other substances, inside the Building and (if and to the extent caused by any Tenant Party) outside of the Building; and "**Good Condition**" means that the Premises (including, but not limited to, all of the items in Section 6.1 of this Lease) are in good condition and in good working order, other than damage caused by fire or other casualty. Any damage caused by removal of Tenant from the Premises, including any damage caused by the removal of Tenant's Property under Section 19.2 below, will be repaired and paid for by Tenant prior to the end of the Term.

19.2. Removal of Tenant's Property. Upon the end of the Term or termination of Tenant's right to possession of the Premises, Tenant will remove all of the Required Removables and all of Tenant's Property (including, but not limited to, all signage), which removal will be done in a good, workmanlike and lien-free manner, and upon such removal Tenant will repair all damage to the Premises caused by the installation or removal of such items (including the removal of any and all floor bolts) and restore the Premises to its condition prior to the installation of such items. If Tenant does not remove any items comprising Tenant's Property or the Required Removables prior to the end of the Term, then Landlord may remove such items and repair and restore the Premises and Tenant will pay the cost of such removal, repair and restoration to Landlord upon demand. If Tenant does not remove any items comprising Tenant's Property or the Required Removables, then Tenant will be conclusively presumed to have conveyed such items to Landlord without further payment or credit by Landlord to Tenant or, at Landlord's sole option, such items will be deemed abandoned, in which event Landlord may cause such items to be stored, removed or disposed of at Tenant's expense, without notice to Tenant and without obligation to compensate Tenant.

20. DEFAULTS AND REMEDIES.

20.1. Default. The occurrence of each of the following will constitute an event of default (a "**Default**") by Tenant under this Lease: (1) Tenant fails to pay any Rent within five days after the date when

same is due; (2) Tenant fails to timely deliver any Estoppel Certificate to Landlord under Section 24 below; (3) Tenant fails to timely deliver any Subordination Agreement to Landlord under Section 25 below; (4) Tenant fails to timely surrender and vacate the Premises in the manner described in Section 19 above; (5) Tenant makes any Transfer (other than a Permitted Transfer) without obtaining Landlord's prior written consent; (6) Tenant fails to maintain any insurance required to be maintained by Tenant under Section 14 above; (7) the occurrence of a default by any guarantor of this Lease under the applicable guaranty; (8) the death or dissolution of Tenant or of any guarantor of this Lease; or (9) Tenant fails to observe or perform any other covenant or obligation of Tenant under this Lease (which is not referred to in clauses (1) through (8) above) and such failure is not cured within 30 days (or immediately if such failure involves a hazardous condition) after written notice from Landlord; provided, however, that if such failure cannot reasonably be cured within said 30-day period, Tenant will be allowed such additional time (not to exceed 120 days) as is reasonably necessary to cure such failure, so long as (a) Tenant commences to cure the failure within ten days, and (b) Tenant diligently pursues a course of action that will cure the failure and bring Tenant back into compliance with this Lease, and (c) Tenant provides Landlord with detailed written status reports of Tenant's progress in curing such failure throughout the period of such failure.

20.2. Remedies. Upon any Default, Landlord will have the right without further notice or demand to pursue any of its rights and remedies at Law or in equity, including any one or more of the following remedies:

(A) Terminate this Lease, in which case Tenant will immediately surrender the Premises to Landlord. If Tenant fails to surrender the Premises, Landlord may, in compliance with applicable Law and without prejudice to any other right or remedy, enter upon and take possession of the Premises and expel and remove Tenant, Tenant's Property and all parties occupying all or any part of the Premises. Tenant will pay Landlord on demand the amount of all past due Rent and other losses and damages that Landlord may suffer as a result of the Default, whether by Landlord's inability to relet the Premises on reasonable terms or otherwise, including, but not limited to, all Costs of Reletting and any deficiency that may arise from reletting or the failure to relet the Premises. "**Costs of Reletting**" means and include all costs and expenses incurred by Landlord in reletting or attempting to relet the Premises, including, but not limited to, reasonable legal fees, brokerage commissions, the cost of alterations actually incurred by Landlord and the value of other concessions or allowances granted to a new tenant.

(B) Terminate Tenant's right to possession of the Premises and in compliance with applicable Law, expel and remove Tenant, Tenant's Property and all parties occupying all or any part of the Premises. Landlord shall use commercially reasonable efforts to relet all or any part of the Premises, without notice to Tenant, for a term that may be greater or less than the balance of the Term and on such conditions (which may include concessions, free rent and alterations of the Premises) and for such uses as Landlord in its absolute discretion shall determine. Landlord may collect and receive all rents and other income from the reletting. Tenant will pay Landlord on demand all past due Rent, all Costs of Reletting and any deficiency arising from the reletting or failure to relet the Premises. Landlord will not be responsible or liable for the failure to relet all or any part of the Premises or for the failure to collect any Rent. The re-entry or taking of possession of the Premises will not be construed as an election by Landlord to terminate this Lease unless and until a written notice of termination is given to Tenant.

20.3. Other Remedies. Landlord may, but will not be obligated to, perform any obligation of Tenant under this Lease, and if Landlord so elects after notice to Tenant (unless otherwise specifically provided in this Lease) with an opportunity to cure such default as provided herein, Tenant will reimburse all costs and expenses paid by Landlord in performing such obligation, together with interest at the Default Rate, to Landlord on demand. Any and all rights and remedies set forth in this Lease: (1) shall be in addition to any and all other rights and remedies Landlord may have at Law or in equity; (2) shall be cumulative; and (3) may be pursued successively or concurrently as Landlord may elect. The exercise of any remedy by Landlord will not be deemed an election of remedies or preclude Landlord from exercising any other remedies in the future.

20.4. Waiver of Trial by Jury. Landlord and Tenant waive trial by jury in the event of any action, proceeding or counterclaim brought by either Landlord or Tenant against the other in connection with this Lease.

20.5. Attorney's Fees. Tenant will reimburse Landlord upon demand for all costs and expenses incurred by Landlord by reason of any Default (including reasonable legal fees), whether or not Landlord institutes any legal action or proceeding against Tenant by reason of such Default. If either Landlord or Tenant brings an action or proceeding to enforce or defend its rights under this Lease the Prevailing Party in any such action or proceeding, or appeal thereon, will be entitled to receive (and will be awarded) all of its court costs and reasonable attorneys' fees. Such costs and fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. As used herein, "**Prevailing Party**" means the party who substantially attains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other party of its claim or defense.

20.6. Venue. If either Landlord or Tenant desires to bring an action against the other in connection with this Lease, such action will be brought either in the state courts in Hamilton County, Tennessee or in the federal courts located in Chattanooga, Tennessee (if such federal courts would otherwise have concurrent jurisdiction over the case). Landlord and Tenant consent to the jurisdiction of such courts and waive any right to have such action transferred from such courts on the grounds of improper venue or inconvenient forum.

20.7. Chronic Defaults. Notwithstanding anything contained in this Lease to the contrary, and without limiting Landlord's other rights and remedies under this Lease, at law or equity, if Tenant is in monetary Default more than two times within any 12 month period during the Term, then irrespective of whether or not such Default has been or is subsequently cured, Landlord, at its sole election, may do one or more of the following: (1) cancel Tenant's right to exercise any or all extension, expansion, termination or purchase options or rights under this Lease; and (2) require Tenant to pay all Rent due under this Lease by automatic fund transfers from Tenant's bank account, in accordance with procedures designated by Landlord.

21. HOLDING OVER. If Tenant retains possession of the Premises or any part thereof after the end of the Term or termination of Tenant's right to possession of the Premises (it being agreed that Tenant's failure to timely remove all Tenant's Property and all the Required Removables from the Premises will also be considered a retention of the Premises by Tenant), then such retention of possession will be considered a tenancy "at will" or "sufferance" (and not a month-to-month tenancy), and Tenant will pay Rent for such holding over in an amount equal to the sum of (1) 125% of the monthly Rent in effect immediately preceding such holding over computed on a monthly basis for each of the first two months or partial months that Tenant

remains in possession; plus (2) 150% of the monthly Rent in effect immediately preceding such holding over computed on a monthly basis for each month or partial month that Tenant remains in possession after such first two months or partial months. The provisions of this Section do not waive Landlord's right of re-entry or right to regain possession by actions at Law or in equity or any other rights hereunder, and any receipt of payment by Landlord will not be deemed a consent by Landlord to Tenant's remaining in possession or be construed as creating or renewing any lease or right of tenancy between Landlord and Tenant.

22. SECURITY DEPOSIT. INTENTIONALLY DELETED

23. RELOCATION. INTENTIONALLY DELETED

24. ESTOPPEL CERTIFICATE. Tenant agrees from time to time upon written request from Landlord, to execute and deliver to Landlord or to any third party designated by Landlord in such request, a written estoppel certificate (an "**Estoppel Certificate**") in the form attached hereto as Exhibit E, including such additional statements as may be requested by Landlord, it being agreed that each Estoppel Certificate may be relied upon by any prospective purchaser, Mortgagee, prospective Mortgagee, or other person having or acquiring an interest in the Building. Tenant's failure to execute and deliver any Estoppel Certificate to Landlord (or to any such designated third party) within ten (10) business days after written request from Landlord will automatically constitute Tenant's approval of the requested Estoppel Certificate as though such Estoppel Certificate had been executed and delivered by Tenant to Landlord or such designated third party in form identical to the form submitted by Landlord to Tenant.

25. SUBORDINATION. This Lease is and will be expressly subject and subordinate at all times to (1) any ground or underlying lease of the Premises, now or hereafter existing, and all amendments, renewals and modifications to any such lease; and (2) the lien of any mortgage or trust deed now or hereafter encumbering fee title to the Premises and/or the leasehold estate under any such lease. If any such mortgage or trust deed is foreclosed, or if any such lease is terminated, upon request of the mortgagee, holder or lessor, as the case may be (each, a "**Mortgagee**"), Tenant will attorn to the purchaser at the foreclosure sale or to the lessor under such lease, as the case may be. Notwithstanding anything to the contrary contained herein, any Mortgagee may subordinate, in whole or in part, its mortgage, trust deed or lease (as the case may be) to this Lease by sending Tenant notice in writing subordinating such mortgage, trust deed or lease to this Lease. The foregoing provisions are declared to be self-operative and no further instruments will be required to effect such subordination and/or attornment; provided, however, that Tenant agrees upon request at any time by any such Mortgagee (or by any purchaser at foreclosure), to execute and deliver any instrument (a "**Subordination Agreement**") as may be required by such entity to confirm such subordination and/or attornment. Tenant's failure to execute and deliver any Subordination Agreement within ten days after written request from Landlord will automatically constitute Tenant's acknowledgement and agreement that this Lease is subordinate (or superior as the case may be) to the mortgage, trust deed or lease, as the case may be, identified in the Subordination Agreement submitted by Landlord to Tenant.

26. FINANCIAL STATEMENTS. Tenant shall comply with the following obligations: Within ten days after Landlord's request, Tenant will deliver to Landlord, the most recent audited financial statements (including all notes to such statements) of Tenant, or, if no such audited statements have been prepared, then unaudited financial statements (including all notes to such statements) prepared in each case by an independent certified public accountant in accordance with GAAP (the "**Financial Statements**"). Landlord will not disclose any aspect of Financial Statements that Tenant designates to Landlord as confidential except (1) to any Mortgagee, prospective Mortgagee, or prospective purchaser of the Building; and (2) if required by

court order or subpoena. Tenant represents and warrants to Landlord that all financial information of Tenant delivered or to be delivered to Landlord by or on behalf of Tenant is and will be true and correct and that no material misstatements or omissions exist therein.

27. TENANT'S BROKER. Tenant represents to Landlord that Tenant has not dealt with any broker in connection with this Lease and that, insofar as Tenant knows, no broker negotiated this Lease on Tenant's behalf or is entitled to any commission by reason of its representation of Tenant. Tenant agrees to indemnify, defend and hold the Landlord Parties harmless from and against any claims for a fee or commission made by any broker claiming to have acted by or on behalf of Tenant in connection with this Lease.

28. NOTICES. Every notice or other communication required or contemplated by this Lease must be in writing and sent by one of the following methods: (1) personal delivery, in which case delivery will be deemed to occur on the day of delivery; (2) certified mail, postage prepaid, return receipt requested, in which case delivery will be deemed to occur the day it is officially recorded by the U.S. Postal Service as delivered to the intended recipient; or (3) next-day delivery to a U.S. address by a nationally recognized overnight delivery service such as Federal Express, in which case delivery will be deemed to occur upon receipt. In each case, a notice or other communication sent to a party must be directed to the address for that party set forth in the Schedule or to another address designated by that party by written notice.

29. MISCELLANEOUS.

29.1. Successors and Assigns. Subject to Section 18 of this Lease, each provision of this Lease will extend to, bind and inure to the benefit of Landlord and Tenant and their respective legal representatives, successors and assigns; and all references herein to Landlord and Tenant will be deemed to include all such parties.

29.2. Entire Agreement. This Lease, and the riders and exhibits, if any, attached hereto which are hereby made a part of this Lease, represent the complete agreement between Landlord and Tenant; and Landlord has made no representations or warranties except as expressly set forth in this Lease. No modification or amendment of or waiver under this Lease will be binding upon Landlord or Tenant unless in writing signed by Landlord and Tenant.

29.3. Time. If the date for payment of any sum or the performance of any obligation under this Lease by either party falls on a Saturday, Sunday or national holiday, then the date for such payment or performance will be extended to 5:00 P.M. Central Time on the first business day following such Saturday, Sunday or national holiday. Time is of the essence of this Lease and each and all of its provisions, specifically including, but not limited to, the payment of Rent and the exercise of any option or right in favor of Tenant under this Lease.

29.4. Execution and Delivery. Submission of this Lease for examination or signature by Tenant does not constitute a reservation of space or an option for lease, and it is not effective until execution and delivery by both Landlord and Tenant. Tenant covenants, warrants and represents that: (1) each individual executing, attesting and/or delivering this Lease on behalf of Tenant is authorized to do so on behalf of Tenant; (2) this Lease is binding upon Tenant; and (3) Tenant is duly organized and legally existing in the state of its organization and is qualified to do business in the state in which the Premises is located. Landlord covenants, warrants and represents that: (1) each individual executing, attesting and/or delivering this Lease

on behalf of Landlord is authorized to do so on behalf of Landlord; (2) this Lease is binding upon Landlord; (3) Landlord is duly organized and legally existing in the state of its organization and is qualified to do business in the state in which the Premises is located; and (4) subject to the terms and conditions of this Lease, that Landlord has the legal right to offer the Premises for lease to Tenant.

29.5. Severability. The invalidity or unenforceability of any provision of this Lease will not affect or impair any other provisions.

29.6. Governing Law. This Lease will be governed by and construed in accordance with the laws of the State in which the Premises is located.

29.7. Joint and Several Liability. If Tenant is comprised of more than one party, each such party will be jointly and severally liable for Tenant's obligations under this Lease. Notices, payments and agreements given or made by, with or to any one person or entity will be deemed to have been given or made by, with and to all of them.

29.8. Force Majeure. Neither Landlord nor Tenant will be in default hereunder if Landlord or Tenant is prevented from performing any of its obligations hereunder due to any accident, breakage, strike, delay in obtaining any governmental permit or license, including any building permit, shortage of materials, act of God or other causes beyond either Landlord or Tenant's reasonable control. The provisions of this Section 29.8 shall not operate to excuse Tenant from the prompt payment of Rent or any other payments required to be paid by Tenant under the terms of this Lease.

29.9. Parking. Tenant has the right in common with other tenants and occupants of the Premises, during the Term and without additional charge, to have the use of the common parking facilities at the Premises for its employees and invitees. Landlord may designate and redesignate areas of the common parking facilities where Tenant, its agents, employees and invitees may park and/or may exclude Tenant, its agents, employees and invitees from parking in other areas as designated and redesignated by Landlord; provided, however, that Landlord will not be liable to Tenant for the failure of any tenant, its invitees, employees, agents and customers to abide by Landlord's designations or restrictions.

29.10. Captions. The headings and titles in this Lease are for convenience only and have no effect upon the construction or interpretation of this Lease.

29.11. No Waiver. No receipt of money by Landlord from Tenant after termination of this Lease or after the service of any notice or after the commencing of any suit or after final judgment for possession of the Premises will renew, reinstate, continue or extend the Term or affect any such notice or suit. No waiver of any default of Tenant will be implied from any omission by Landlord to take any action on account of such default if such default persists or be repeated, and no express waiver will affect any default other than the default specified in the express waiver and then only for the time and to the extent therein stated.

29.12. No Recording. Subject to the terms and conditions of the Short Form Lease Rider, neither Tenant (nor anyone acting through, under or on behalf of Tenant) will record this Lease or a memorandum of this Lease in any official records.

29.13. Relation of Parties. It is the intention of this Lease to create the relation between the parties hereto of landlord and tenant and no other relation whatsoever, and nothing contained in this Lease (including, without limitation, the method of determining Rent) will be construed to make the parties hereto

partners or joint venturers or to render either party hereto liable for any of the debts or obligations of the other party.

29.14. Recapture Right. If Tenant vacates or abandons the Premises for a period of at least two months, then and notwithstanding the fact that such vacation or abandonment may not ipso facto constitute a Default, Landlord will have the right to terminate this Lease and recapture the Premises by giving Tenant a written notice thereof at any time after the expiration of said two-month period.

29.15. Counterparts. This Lease may be executed in counterparts and each copy of this Lease to which is attached counterpart signature pages collectively containing the signatures of all of the parties hereto will be deemed for all purposes to be a fully executed original of this Lease.

29.16. Limitation on Landlord's Liability. It is expressly understood and agreed by Tenant that none of Landlord's covenants, undertakings or agreements are made or intended as personal covenants, undertakings or agreements by Landlord or the members in Landlord, and any liability of Landlord or the members in Landlord for damages or breach or nonperformance by Landlord or otherwise arising under or in connection with this Lease or the relationship of Landlord and Tenant hereunder, will be collectible only out of Landlord's interest in the Premises, as the same may then be encumbered, and no personal liability is assumed by, nor at any time may be asserted against any of the Landlord Parties, all such liability, if any, being expressly waived and released by Tenant. Tenant further expressly understands and agrees that Landlord's agent executes this Lease, not in its own right but solely as Landlord's agent and that nothing in this Lease will be construed as creating any liability whatsoever against such Landlord's agent, its members or their respective shareholders, directors, officers or employees and in particular, without limiting the generality of the foregoing, there will be no liability to pay any indebtedness or sum accruing hereunder, or to perform any covenant or agreement whether express or implied herein contained, it being agreed that Landlord will have sole responsibility therefor. Landlord will have the right to sell or convey and/or master lease the Building, and in connection therewith, to transfer and assign its rights under this Lease, and upon any such transfer and assignment Landlord will be released from all obligations of the landlord under this Lease accruing after the effective date of such transfer or assignment, and Tenant agrees to look solely to the successor in interest of Landlord for the performance of such obligations.

29.17. Consent. Except as expressly provided in this Lease, if the consent or approval of Landlord is required, such consent or approval shall not be unreasonably withheld, conditioned or delayed.

END OF TERMS AND CONDITIONS

EXHIBIT A

LEGAL DESCRIPTION OF PREMISES

EXHIBIT B

PLAN OF PREMISES

SEE ATTACHED

EXHIBIT C

RULES AND REGULATIONS

In these Rules and Regulations, "Tenant" includes all Tenant Parties.

1. Refuse Removal. Tenant, at its expense, will cause the removal of all garbage, debris and refuse from the Premises at reasonable intervals, and will, prior to removal, store such garbage, debris and refuse in appropriate refuse containers and otherwise abide by all rules or regulations imposed by Landlord with respect thereto, or as otherwise required by applicable Law. All garbage, debris and refuse will be stored in areas expressly designated by Landlord, and if no such area is designated, then within the Building. Tenant will not at any time place, leave or discard any rubbish, paper, articles, or objects of any kinds whatsoever outside the doors of the Building.

2. General Condition. Tenant will at all times keep the Premises neat and orderly.

3. Excessive Disturbance. Tenant will not make excessive noises, cause disturbances, or vibrations or use or operate any electrical or mechanical devices that emit excessive sound or other waves or disturbances or create obnoxious odors.

4. Locks and Keys. Tenant will not alter, change, replace or re-key any lock or install a new lock on any door in the Building or the Premises. Any new door locks required by Tenant or any change in keying of existing locks will be installed or changed by Landlord upon Tenant's written request to Landlord and will be at Tenant's expense. All new locks and re-keyed locks will be operable by Landlord's master (pass) key. Landlord will furnish two keys for each lock on exterior doors to the Premises on the Delivery Date and will, on Tenant's request and at Tenant's expense, provide additional duplicate keys. Tenant will not make any duplicate keys. Upon expiration or termination of this Lease, Tenant will (1) return all keys to Landlord; and (2) disclose to Landlord the combination of any safes, cabinets or vaults left in the Premises.

5. Equipment Installation. Except as otherwise provided in the Lease, Tenant will not install any signal, communication, alarm or other utility or service system or equipment in the Premises without the prior written consent of Landlord. Tenant will not install or operate equipment, machinery or any mechanical devices of a nature not directly related to tenant's ordinary use of the Premises.

6. Antennas and Other Exterior Elements. No exterior elements such as awnings, air-conditioning units, fans, loudspeakers, aerials, antennas, microwave dishes, solar devices or other property will be attached to the Building without the prior written consent of Landlord (which consent shall not be unreasonably withheld).

7. Tenant Signs. Tenant will not paint, display, inscribe or affix any sign, picture, advertisement, notice, lettering or direction or install any lights on any part of the outside or inside of the Building, except on any part of the inside of the Premises that cannot be seen from outside the Premises, except as approved by Landlord in writing. In the event of the violation of the foregoing by Tenant, Landlord may remove same without any liability and may charge the expense incurred by such removal to Tenant.

8. Waste. Tenant will not waste electricity, natural gas or water and will see that building systems and Tenant's equipment and machinery that use such utilities are shut off when not in use.

9. HVAC. Tenant (1) will cooperate fully with Landlord to assure the most effective operation of the Building's HVAC system and will (a) refrain from attempting to adjust any temperature controls other than room thermostats installed in the Premises for Tenant's use, and (b) keep all doors (including loading dock doors) closed when not in use; and (2) will not furnish cooling or heating to the Premises, including, but not limited to, the use of electric or gas heating devices, without Landlord's prior written consent.

10. Electrical System. Tenant will not install, operate or maintain in the Premises or in any other area of the Building, electrical equipment that would overload the electrical system beyond its capacity for proper, efficient and safe operation as determined solely by Landlord.

11. Plumbing. Tenant will not dispose of any trash, rags, coffee grounds, acids or other material which may block the drains or otherwise damage plumbing fixtures located within the Building or on the Premises including, but not limited to, toilets, urinals or sinks, nor shall Tenant permit such plumbing fixtures to be used other than for their intended purposes. Tenant will be liable for all damage as a result of a violation of this rule.

12. Safety Procedures. Tenant will comply with all safety, fire protection and evacuation procedures and regulations established from time to time by Landlord or any governmental entity.

13. Security Procedures. Tenant will (1) comply with the security systems and procedures established from time to time by Landlord; (2) keep doors to unattended areas locked and will otherwise exercise reasonable precautions to protect property from theft, loss or damage; and (3) not maintain armed security in or about the Premises. Landlord will not be responsible for the theft, loss, or damage of any property.

14. Events Requiring Notice. Tenant will give immediate notice to Landlord in case of theft, unauthorized solicitation, or accident in the Premises s or of defects therein or in any fixtures or equipment, or of any known emergency in the Premises.

15. Prohibited Substances. Tenant will not at any time bring or keep upon the Premises or Property (1) any inflammable, combustible, caustic, poisonous or explosive fluid, chemical or substance, other than those used in connection with the Permitted Use and in accordance with applicable Laws and in accordance with Section 8 of this Lease; and (2) narcotics, dope or other illegal substances.

16. Hazardous Devices. Tenant will not maintain nor possess any weapons, explosives or other hazardous devices in or about the Premises.

17. Lodging. Tenant will not use or occupy any portion of the Premises or the Property at any time for sleeping or lodging quarters.

18. Cooking. Except as otherwise explicitly permitted in the Lease, Tenant will not do any cooking in the Premises or on the Property, except in areas of the Premises that are specifically constructed for cooking and except that Tenant's use of microwave ovens and Underwriters' Laboratory approved equipment for brewing coffee, tea, hot chocolate and other similar beverages is permitted, provided that such use is in accordance with all applicable Laws.

19. Alcoholic Beverages. Tenant will not (1) serve or permit the serving of alcoholic beverages in the Premises or on the Property unless Tenant has first secured Landlord's consent and procured Host Liquor Liability Insurance, issued by companies and in amounts reasonably satisfactory to Landlord, naming Landlord as an additional party insured; and (2) manufacture or sell any alcoholic beverages.

20. Smoking. Tenant will not smoke or permit smoking in the Premises as otherwise prohibited by applicable Law.

21. Animals. Tenant will not bring any animals, except those assisting handicapped persons, in the Building or on the Property.

22. Vending Machines. Tenant will not operate or permit to be operated a coin or token operated vending machine or similar device (including, without limitation, telephones, lockers, toilets, scales, amusement devices and machines for sale of beverages, foods, candy, cigarettes and other goods), except for machines for the exclusive use of Tenant.

23. Soliciting. Tenant will not canvass, solicit or peddle in the Building or on the Property.

24. Labor Disruption. Tenant will not take any action that would violate Landlord's labor contracts or that would cause a work stoppage, picketing, labor disruption or dispute, or interfere with Landlord's or with the rights and privileges of any person lawfully in the Building ("**Labor Disruption**"). Tenant will take the actions necessary to resolve the Labor Disruption, and will have pickets removed and, at the request of Landlord, immediately terminate any work in the Premises that gave rise to the Labor Disruption, until Landlord gives its written consent for the work to resume. Tenant will have no claim for damages against Landlord nor will the Commencement Date of the Term be extended as a result of the above actions.

25. Moving. Tenant will assume all risk for damage to articles moved and injury to any persons resulting from the activity. If equipment, property, or personnel of Landlord or of any other party is damaged or injured as a result of or in connection with the activity, Tenant will be solely liable for any resulting damage or loss.

26. Work Orders. Landlord's employees will not perform any work other than duties designated by Landlord for the normal operation of the Property. Tenant will request work to be performed by Landlord's employees by written, personal or telephonic notice to Landlord and will be responsible for the cost of such work as from time to time established by Landlord.

EXHIBIT D

COMMENCEMENT DATE AGREEMENT

THIS COMMENCEMENT DATE AGREEMENT, made this __ day of _____, 201__, by and between LS RE LLC, a Delaware limited liability company (the "**Landlord**") and LEE STEEL HOLDINGS LLC, a Delaware limited liability company (the "**Tenant**").

W I T N E S S E T H:

WHEREAS, Landlord and Tenant have entered into that certain Lease Agreement (the "**Lease**") dated _____, 2015, for the lease of the Premises commonly known as 5875 Weller Ct SW, Wyoming, MI 49509.

WHEREAS, Landlord and Tenant wish to set forth their agreements as to the commencement of the term of the Lease.

NOW, THEREFORE, in consideration of the Leased Premises as described in the Lease and the covenants set forth therein Landlord and Tenant agree as follows:

1. The Commencement Date of the Term of the Lease is _____.

2. The Expiration Date of the Term of the Lease is _____.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

TENANT:

LEE STEEL HOLDINGS LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

Date: _____

LANDLORD:

LS RE LLC
a Delaware limited liability company

_____
Name: _____
Title: _____

Date: _____

EXHIBIT E

ESTOPPEL CERTIFICATE

_____
_____
_____

_____
_____
_____

LEE STEEL HOLDINGS LLC (the "**Tenant**") hereby certifies to you that Tenant leases from LS RE LLC (the "**Landlord**") approximately 114,042 leasable square feet of space (the "**Premises**") in that certain building located at 5875 Weller Ct SW, Wyoming, MI 49509. (the "**Property**") pursuant to that certain Lease Agreement dated _____ by and between Landlord and Tenant (collectively, the "**Lease**"), a true and correct copy of which is attached hereto as Exhibit A. Tenant hereby further certifies that as of the date hereof:

1. The Lease is in full force and effect and has not been modified, supplemented or amended, except as set forth in the introductory paragraph hereof.

2. Tenant is in actual occupancy of and has accepted the Premises.

3. Landlord has performed all obligations under the Lease to be performed by Landlord, including, but not limited to, completion of all tenant improvement work required under the Lease and the payment of all required allowances and contributions therefor. Tenant is not entitled to any further payment, credit or allowance for tenant improvement work.

4. The initial term of the Lease commenced _____ and will expire _____.

5. Tenant has no options or rights to renew or extend the term of the Lease or to expand the Premises, except as follows: _____.

6. Tenant has not paid any rent or other payments more than one month in advance, except as follows: _____.

7. Base Rent and Additional Charges have been paid through _____. There currently exists no claims, defenses or rights of set-off to or against the obligations of Tenant to pay Base Rent or Additional Charges or relating to any other term, covenant or condition under the Lease.

8. There are no concessions, bonuses, free rent, rebates or other matters affecting the rent payable under the Lease, except as follows: _____.

9. No security or other deposit has been paid under the Lease, except as follows: _____.

10. Landlord is not currently in default under the Lease and there are no events or conditions existing and known to Tenant that, with or without notice or the lapse of time, or both, could constitute a default of the Landlord under the Lease or entitle Tenant to offsets or defenses against the prompt payment of rent, except as follows: _____. Tenant is not in default under any of the terms and conditions of the Lease nor is there now any fact or condition that, with notice or lapse of time or both, will become such a default.

11. Tenant has not assigned, transferred, mortgaged or otherwise encumbered its interest under the Lease, nor subleased any of the Premises, nor permitted any person or entity to use the Premises except as follows: _____.

12. Tenant has no rights of refusal or options to purchase the Property.

13. The Lease represents the entire agreement between the parties with respect to Tenant's right to use and occupy the Premises.

Tenant acknowledges that the parties to whom this Estoppel Certificate is addressed will be relying upon the accuracy of this Estoppel Certificate in connection with their acquisition and/or financing of the Property.

IN WITNESS WHEREOF, Tenant has caused this Estoppel Certificate to be executed this _____ day of _____, 20__.

TENANT:

LEE STEEL HOLDINGS LLC

By: _____

Name: _____

Title: _____

Date: _____

PROPERTY ACQUISITION RIDER

Tenant acknowledges that Landlord does not now own title to the Property. The Lease is expressly subject to and conditioned upon Landlord acquiring title to the Property. If Landlord acquires title to the Property, Landlord will give Tenant a written notice thereof. If Landlord does not acquire title to the Property by October 15, 2015, for any reason whatsoever, then either party may terminate the Lease by giving a written notice of termination to the other party at any time after October 15, 2015 but prior to the date (if ever) that Landlord does acquire title to the Property. If the Lease is terminated pursuant to this Rider, then neither party will have any further rights nor obligations under the Lease, and Landlord will return the Security Deposit and any prepaid Rent to Tenant.

TENANT SIGNAGE RIDER

Building Fascia Signage. Tenant shall have the right, at Tenant's sole cost and expense, to design, install, operate and maintain a sign on the fascia of the Premises subject to (i) Landlord's approval as to the size, design and location of such sign, and (ii) Tenant obtaining all necessary (a) private approvals, and (b) governmental approvals, permits and licenses.

SNDA RIDER

Notwithstanding anything contained in Section 22 of the Lease to the contrary, Tenant's obligation to subordinate the Lease to a Mortgage shall be conditioned upon Landlord providing Tenant with a subordination, non-disturbance and attornment agreement (a "**SNDA**") from the Mortgagee, whereby such Mortgagee agrees that Tenant's possession of the Premises will not be disturbed by reason of the foreclosure of its mortgage or trust deed, or the termination of its ground lease, as the case may be, so long as Tenant is not in default under the Lease. Tenant agrees to execute the form SNDA utilized by such Mortgagee.

EXTENSION OPTION RIDER

Tenant shall have two (2) options (each, an "**Extension Option**") to extend the Term for all (but not less than all) of the Premises that are demised under the Lease as of the expiration of the Term or the then current Extension Term, as the case may be, for two (2) separate successive additional periods of five (5) years each (each, an "**Extension Term**"), subject to the following terms and conditions:

(a) No Default. The Lease is in full force and effect and Tenant is neither in Default at the time Tenant exercises the Extension Option nor at the commencement of the Extension Term, but Landlord shall have the right at its sole discretion to waive the non-default condition herein.

(b) Base Rent. The Extension Term shall be upon all of the same terms, covenants and conditions as provided in the Lease, except that (i) Tenant may not again exercise the Extension Option during the Extension Term so as to further extend the Term beyond the expiration of the Extension Term, and (ii) the Base Rent payable for the first Extension Term shall be equal to the amount of the annual Base Rent payable by Tenant to Landlord during the 156th month of the Term plus an additional 1% per annum; and (iii) the Base Rent payable for the second Extension Term shall be equal to the amount of the annual Base Rent payable by Tenant to Landlord during the 216th month of the Term plus an additional 1% per annum.

(c) Condition of Premises. Tenant shall accept the Premises on the commencement date of the Extension Term in an "as-is" condition, without any representation, allowance or retrofit from Landlord with respect to the condition or improvement thereof.

(d) Exercise of Option. Tenant shall exercise an Extension Option by giving Landlord a written notice thereof on or before the date that is six (6) months prior to the commencement of the Extension Term.

(e) Lease Amendment. The parties shall execute an amendment to the Lease to reflect Tenant's exercise of an Extension Option upon the terms provided herein, which amendment shall be executed within thirty (30) days after Tenant exercises such Extension Option.

(f) Personal Option. Each Extension Option is a personal option in favor of Tenant and shall automatically terminate upon any Transfer by Tenant.

SHORT FORM LEASE RIDER

Upon the request of either party, Landlord and Tenant shall execute a Short Form Lease in the form attached hereto as Schedule 1. Tenant, at its expense, may record the Short Form Lease in the Official Public Records of the County in which the Property is located.

SCHEDULE 1

SHORT FORM OF LEASE

This **SHORT FORM OF LEASE**, dated as of the ___ day of _____, 2015, by and between **LS RE LLC,** a Delaware limited liability company ("Landlord") and **LEE STEEL HOLDINGS LLC,** a Delaware limited liability company ("Tenant"),

WITNESSETH:

Landlord does hereby demise and lease to Tenant and Tenant has leased and taken from Landlord, upon and subject to the covenants and agreements set forth in that certain Lease dated _____, 2015 (the **Lease**") by and between Landlord and Tenant, certain premises contained in the building located at 5875 Weller Ct SW, Wyoming, MI 49509, which building is situated on a tract of land which is more particularly described in Exhibit A attached hereto and made a part hereof (the "Property").

Landlord and Tenant desire to record this Short Form Lease for the purpose of placing the public on notice of inquiry as to the specific provisions, terms, covenants and conditions of the Lease, all of which are incorporated herein by reference with the same force and effect as if herein set forth in full. Specifically, the Lease contains, among others, the following covenants and agreements between the parties:

(i) The Lease provides for a term of thirteen (13) years commencing on _____, 201__ and expiring on _____.

(ii) The Lease grants Tenant options to extend the term thereof for two (2) separate additional periods of five (5) years each.

This Short Form Lease is being recorded in lieu of recording the Lease itself for the purpose of placing the public on notice of inquiry as to the specific provisions, terms, covenants and conditions thereof, and nothing herein contained is intended to or does change, modify, or affect any of the terms or provisions of the Lease or the rights, duties, obligations, easements and covenants running with the land created thereby, all of which remain in full force and effect.

IN WITNESS WHEREOF, the undersigned parties hereto have, by their duly authorized officers, executed this Short Form Lease as of the date and year first shown above.

LANDLORD:

LS RE LLC
a Delaware limited liability company

_____
Name: _____
Title: _____

TENANT:

LEE STEEL HOLDINGS LLC
a Delaware limited liability company

By: _____
Title: _____

STATE OF _____)
) SS.
COUNTY OF _____)

I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____, the _____ of **LS RE LLC,** a Delaware limited liability company (the "Landlord"), who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of the Company.

GIVEN under my hand and notarial seal, this _____ day of _____, 200_.

_____
Notary Public

[SEAL]

STATE OF _____)
) SS.
COUNTY OF _____)

I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____, the _____ of **LEE STEEL HOLDINGS LLC**, a Delaware limited liability company (the "Tenant"), who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of the Corporation.

GIVEN under my hand and notarial seal, this _____ day of _____, 20__.

_____
Notary Public

[SEAL]

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT B

GUARANTY

This is a Guaranty of a Lease Agreement dated September 14, 2015 (the "**Lease**"), by and between **LS RE LLC**, a Delaware limited liability company ("**Landlord**") and **LEE STEEL HOLDINGS**, a Delaware limited liability company ("**Tenant**"), concerning those certain premises located at 5875 Weller Court SW, Wyoming, MI 49509 ("**Premises**").

FOR VALUE RECEIVED, and in consideration for, and as an inducement to Landlord to enter into the Lease, the undersigned **BERG STEEL HOLDINGS LLC**, a Delaware corporation ("**Guarantor**"), who or which has an economic interest in Tenant, hereby guarantees to Landlord, its successors and assigns, the payment of all rentals specified thereunder and all other payments to be made by Tenant under the Lease, and the full performance and observance by Tenant of all the terms, covenants, conditions and agreements therein provided to be performed and observed by Tenant, for which Guarantor shall be jointly and severally liable with Tenant, without requiring any notice of nonpayment, nonperformance or nonobservance, or proof of notice or demand, whereby to charge Guarantor, all of which Guarantor does hereby expressly waive, and Guarantor expressly agrees that Landlord, its successors and assigns, may proceed against Guarantor separately or jointly, before, after or simultaneously with the proceedings against Tenant for default, and that this Guaranty shall not be terminated, affected or impaired in any way or manner whatsoever by reason of the assertion of Landlord against Tenant of any of the rights or remedies reserved to Landlord pursuant to the provisions of the Lease, or by reason of summary or other proceedings against Tenant, or by the omission of Landlord to enforce any of its rights against Tenant or by reason of any extensions of time or indulgence granted by Landlord to Tenant. Without limiting the generality of the foregoing, it is understood that Landlord is not required to exhaust or pursue any remedies it may have against Tenant under the Lease before, after or simultaneously with any proceedings against Guarantor and Guarantor hereby waives any right it may have to require Landlord to so exhaust or pursue such remedies. Guarantor further covenants and agrees: (i) that Guarantor will be bound by all the provisions, terms, conditions, restrictions, and limitations contained in the Lease, the same as though Guarantor were named therein as Tenant, and (ii) that this Guaranty shall be absolute and unconditional and shall remain and continue in full force and effect as to any renewal, extension, amendment, addition, assignment, sublease, transfer, or other modification of the Lease, whether or not Guarantor shall have any knowledge or have been notified of or agreed or consented to any such renewal, extension, amendment, addition, assignment sublease, transfer or other modification of the Lease, and Guarantor agrees to be bound by any and all such modifications to the Lease. If Landlord at any time is compelled to take any action or proceeding in court or otherwise to enforce or compel compliance with the terms of this Guaranty, then (y) Guarantor shall, in addition to any other rights and remedies to which the Landlord may be entitled hereunder or as a matter of law or in equity, be obligated to pay all costs, including attorney fees and costs, incurred or expended by Landlord in connection therewith (collectively, the "**Enforcement Costs**"), and (z) Landlord and Guarantor waive trial by jury in connection with such action or proceeding. Further, Guarantor hereby covenants and agrees to assume the Lease and to perform all of the terms and conditions thereunder for the balance of the then current term should the Lease be disaffirmed by any Trustee in Bankruptcy for Tenant, or at the option of Landlord, Guarantor shall, in the event of Tenant's bankruptcy, make and enter into a new lease, which shall be in form and substance identical to the Lease. All obligations and liabilities to Guarantor pursuant to this Guaranty shall be binding upon the heirs, legal representatives, successors and assigns of Guarantor, and Guarantor, its heirs, legal representatives, successors and assigns shall remain fully liable under the Lease and this Guaranty regardless of any merger, corporate reorganization or restructuring involving Tenant, regardless of the resulting organization, structure or ownership of Tenant. If this Guaranty is signed by more than one person or entity as Guarantor, then the persons and/or entities are jointly and severally referred to herein as Guarantor, and each person or entity shall be jointly and severally liable for all obligations of Guarantor. This Guaranty shall be governed by and construed in accordance with the laws of the State of Mississippi.

In the event any payment by Tenant to Landlord is held to constitute a preference under the bankruptcy laws, or if for any other reason Landlord is required to refund such payment or pay the amount thereof to any other party, such payment by Tenant to Landlord shall not constitute a release of Guarantor from any liability hereunder, but Guarantor agrees to pay such amount to Landlord upon demand and this

Guaranty shall continue to be effective or shall be reinstated, as the case may be, to the extent of any such payment or payments.

Guarantor agrees that it shall not have: (a) any right to enforce any remedy which Landlord now has or hereafter may have against Tenant, or any right to participate in any security now or hereafter held by Landlord, or (b) any defense arising out of the absence, impairment or loss of any right of reimbursement or subrogation.

Anything herein to the contrary notwithstanding, Guarantor hereby expressly waives and releases any rights of subrogation that Guarantor may have against Tenant, any rights of contribution that Guarantor may have against any other guarantor of, or other person secondarily liable for, the payment or performance of the obligations of Tenant, and any rights of reimbursement that Guarantor may have against Tenant.

Guarantor hereby unconditionally consents and agrees that any legal action brought under this Guaranty may be brought either in the state courts located in Harrison County, Mississippi or in the federal courts located in Gulfport, Mississippi (if such federal courts would otherwise have concurrent jurisdiction over the case) and Guarantor hereby unconditionally consents to the jurisdiction of such courts in connection with any cause of action brought by or against Guarantor in any way directly or indirectly related to the Lease or this Guaranty.

At any time that Tenant is required to furnish an Estoppel Certificate pursuant to the Lease, Guarantor, by guarantying the terms and conditions of the Lease, agrees that Guarantor, upon ten (10) business days' prior written request to Guarantor, shall execute and deliver to Landlord or to any third party designated by Landlord in such request, a written estoppel certificate in the form reasonably acceptable to Landlord and Guarantor, certifying (i) that Guarantor concurs with the statements set forth in said Estoppel Certificate by Tenant, and (ii) that this Guaranty remains in full force and effect. Guarantor's failure to deliver such estoppel certificate to Landlord (or to any such designated third party) within such ten (10) day period shall automatically constitute Guarantor's approval of the requested estoppel certificate as though such estoppel certificate had been executed and delivered by Guarantor to Landlord or such designated third party in form identical to the form submitted by Landlord to Guarantor.

Within fifteen (15) days after Landlord's request, Guarantor will deliver to Landlord (but not more than once per twelve (12) month period), the most recent financial statements (income statement and balance sheet) for Guarantor certified by a public accountant or an officer of Guarantor (the "**Financial Statements**"). Landlord will not disclose any aspect of Financial Statements except to (a) to any Mortgagee, prospective Mortgagee, or prospective purchaser of the Premises who has agreed to keep the Financial Statements confidential, or (b) if required by court order or subpoena. Notwithstanding anything else contained in this Guaranty to the contrary, this requirement shall not apply at any time that Guarantor is a publicly traded company or a wholly-owned subsidiary of a publicly traded company provided that the publicly traded company publishes separate financial statements for itself or the Guarantor-subsidiary. Guarantor represents and warrants to Landlord that all financial information of Guarantor delivered and to be delivered to Landlord by or on behalf of Guarantor is and shall be true and correct and that no material misstatements or omissions exist or will exist therein.

[SIGNATURES BEING ON NEXT PAGE]

IN WITNESS WHEREOF, Guarantor, intending to be legally bound hereby, has executed this Guaranty as of this 22 day of September, 2016.

BERG STEEL HOLDINGS LLC,
a Delaware corporation

By: _____
Name: PAUL DOUGLAS
Title: MANAGER

EXHIBIT C

AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY

Lee Steel Holdings – Wyoming, Michigan

THIS AGREEMENT (**"Agreement"**) is made and entered into as of the Effective Date by and between AR GLOBAL INVESTMENTS, LLC (**"Buyer"**), and LS RE LLC ("**Seller**").

BACKGROUND

A. Seller is the owner of the parcel of real property listed on Exhibit A attached hereto.

B. Buyer desires to purchase the Property and Seller desires to sell the Property (as defined herein) to Buyer on the terms and conditions set forth in this Agreement.

In consideration of the mutual promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Terms and Definitions. The terms listed below shall have the respective meaning given them as set forth adjacent to each term.

(a) **"Closing"** shall mean the consummation of the transaction contemplated herein, which shall occur, subject to any applicable extension periods set forth in this Agreement, on the date that is fifteen (15) days after the last day of the Due Diligence Period (as defined herein) unless the Buyer waives the full Due Diligence Period and elects to close earlier by providing two (2) days advance written notice thereof to Seller. The date of Closing is sometimes hereinafter referred to as the "**Closing Date**." Neither party will need to be present at Closing, it being anticipated that the parties will deliver all Closing documents and deliverables in escrow to the Escrow Agent (or if both Buyer and Seller agree, to Buyer's and/or Seller's counsel) prior to the date of Closing.

(b) **"Due Diligence Period"** shall mean the period beginning upon the Effective Date and extending until 11:59 PM ET on the date that is thirty (30) days thereafter or the date on which Seller receives written notice of Buyer's waiver of the Due Diligence Period. Seller shall deliver to Buyer all of the Due Diligence Materials within five (5) business days after the Effective Date, and for each day that passes thereafter until all of the Due Diligence Materials are delivered to Buyer, the Due Diligence Period and the Closing Date shall be extended by one (1) business day.

(c) "**Earnest Money**" shall mean TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($250,000.00). The Earnest Money shall be delivered to Escrow Agent within three (3) business days after the Effective Date. The Earnest Money shall be deposited by Buyer in escrow with Escrow Agent, to be applied as part payment of the Purchase Price at the time the sale is closed, or disbursed as agreed upon in accordance with the terms of this Agreement.

(d) **"Effective Date"** This Agreement shall be signed by both Seller and Buyer. The date that is one (1) business day after the date of execution and delivery of this Agreement by both Seller and Buyer shall be the "Effective Date" of this Agreement.

(e) **"Escrow Agent"** shall mean First Nationwide Title Company, 220 East 42nd Street, Suite 3105, New York, New York 10017, Attention: Patrick Jones, Telephone: (646-386-2689), E-Mail: patrick.jones@amtrustgroup.com. The parties agree that the Escrow Agent shall be responsible for (x) organizing the issuance of the Title Commitment and Title Policy, (y) preparation of the closing statement, and (z) collection and disbursement of the funds.

(f) **"Guarantor"** shall mean Berg Steel Holdings, LLC, a Delaware limited liability company.

(g) **"Guaranty"** shall mean that certain guaranty of the Lease dated September 22, 2015 and executed by Guarantor.

(h) **"Lease"** shall mean that certain Lease Agreement dated as of September 14, 2015 between Seller, as landlord, and Lee Steel Holdings, LLC, a Delaware limited liability company, as tenant **("Tenant")**, as amended.

(i) **"Property"** shall mean (i) that certain parcel of real property located at 5875 Weller Court SW, Wyoming, Michigan, being more particularly described on Exhibit A attached hereto and incorporated herein (the "**Real Property**") together with the buildings, facilities and other improvements located or required to be constructed under the Lease thereon (collectively, the "**Improvements**"), provided that any improvements to the Real Property made by the Tenant, including, without limitation, processing equipment, slitters, roll forming and cranes, shall remain the Tenant's property and shall not be considered part of the Property; (ii) , all right, title and interest of Seller in and to all air and subsurface rights appurtenant to the Real Property; (iii) all right, title and interest of Seller under the Leases and all prepaid rents and security deposits (if any) that Seller are holding pursuant to the Leases and all right, title and interest of Seller under the Guaranties; (iv) all right, title and interest of Seller in and to the machinery, lighting, electrical, mechanical, plumbing and heating, ventilation, air conditioning systems and furniture used in connection with the Real Property and the Improvements, and all carpeting, draperies, appliances and other fixtures and equipment attached or appurtenant to the Real Property together with all personal property (other than furniture, equipment not necessary to operate the Improvements or building systems and not permanently affixed to the Improvements or Real Property, trade fixtures and inventory) owned by Seller and located on the Real Property or on and/or in the Improvements; (v) all right, title and interest of Seller to any unpaid award, if any, for (1) any taking or condemnation of the Property or any portion thereof, or (2) any damage to the Property or the Improvements or any portion thereof; (vi) all easements, licenses, rights and appurtenances relating to any of the foregoing; and (vii) all right, title and interest of Seller in and to all plans, site plans, surveys and specifications, architectural drawings, building permits and other permits issued in connection with the construction, operation, use or occupancy of the Improvements, and any warranties, tradenames, logos (including any federal or state trademark or tradename registrations), or other identifying name or mark now used in connection with the Real Property and/or the Improvements, but expressly excluding any such property to the extent owned by Tenant.

(j) **"Purchase Price"** shall mean EIGHT MILLION SEVEN HUNDRED SEVENTY ONE THOUSAND FIVE HUNDRED SIXTY and NO/100 DOLLARS ($8,771,560.00). The Purchase Price is based on a capitalization rate of 7.85% and an Annual Net Rent (hereinafter defined) of $688,567.50 per annum. If the Annual Net Rent on the Closing Date is not the same, the Purchase Price shall be adjusted accordingly.

(k) **Seller and Buyer's Notice address**

(i) **"Seller's Notice Address"** shall be as follows, except as same may be changed pursuant to the Notice section herein:

LS RE LLC
1400 16th Street, Suite 300
Oak Brook, IL 60523
Attn: Chris Hutter
Tel. No.: 630-617-9133
Email: chutter@insiterealestate.com

And to:

Stahl Cowen Crowley Addis LLC
55 West Monroe Street, Suite 1200
Chicago, Illinois 60603
Attn: Thomas G. Moffitt
Fax: 312-423-8176
Email: tmoffitt@stahlcowen.com

(ii) **"Buyer's Notice Address"** shall be as follows, except as same may be changed pursuant to the Notice section herein:

Ryan Reimers
AR Global Investments, LLC
7621 Little Avenue, Suite 200
Charlotte, North Carolina 28226
Tel. No.: 704-626-4403
Email: rreimers@ar-global.com

And to:

AR Global Investments, LLC
405 Park Avenue, 4th Floor
New York, NY 10022
Attn: Michael Anderson
Tel. No.: 212.415.6516
Email: manderson@ar-global.com

And Due Diligence Materials (if provided by email) to:

duediligence@ar-global.com

2. Purchase and Sale of the Property. Subject to the terms of this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property for the Purchase Price.

3. Payment of Purchase Price.

(a) The Purchase Price to be paid by Buyer to Seller shall be paid by wire transfer of immediately available funds in the amount of the Purchase Price plus or minus prorations, credits and adjustments as provided in Section 4 and elsewhere in this Agreement to Escrow Agent, at the time of Closing, or as otherwise agreed to between Buyer and Seller.

4. Proration of Expenses and Payment of Costs and Recording Fees.

(a) All unpaid real estate taxes, rollback taxes, personal property taxes, water and sewer use charges, and any other charges and assessments constituting a lien on the Property (collectively **"Taxes and Assessments"**) due and payable on or before the Closing Date shall be remitted to the collecting authorities or to the Escrow Agent by Seller prior to or at Closing. There shall be no adjustments at Closing between the parties for Taxes and Assessments not yet due and payable at Closing unless Tenant is not responsible for all such Taxes and Assessments due in accordance with the provisions of the Lease.

(b) All rents shall be prorated as of the Closing Date with Buyer being credited for rent attributable to the day of Closing through and including the last day of the calendar month in which the Closing Date occurs.

(c) Seller shall pay or be charged with the following costs and expenses in connection with this transaction which costs shall be referred to as "Seller's Closing Costs":

(i) Broker's commission payments (for both leasing and sales commissions earned), in accordance with Section 23 of this Agreement; and

(ii) All fees relating to the granting and executing of the Deed for each Property and for any costs incurred in connection with the release of existing debt, including, but not limited to, prepayment penalty fees and recording fees for documents providing for the release of the applicable Property from the existing debt.

(d) Buyer shall pay or be charged with the following costs and expenses in connection with this transaction, which costs shall be referred to as "Buyer's Closing Costs":

(i) All fees relating to the recording of the Deed for the Property;

(ii) all costs and expenses in connection with Buyer's financing, including appraisal, points, commitment fees and the like and costs for the filing of all documents necessary to complete such financing and related documentary stamp tax and intangibles tax; and

(iii) Buyer shall pay for the cost of its own survey, Phase 1 environmental study and due diligence investigations.

(e) Each party shall pay its own legal fees incidental to the negotiation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(f) Buyer and Seller shall split costs and expenses for Title Policy premiums, transfer taxes and conveyance fees in accordance with the local custom of the state and county where the Property is located.

(g) Seller and Buyer each shall pay one-half of all reasonable escrow fees charged by Escrow Agent.

5. Title. At Closing, Seller agrees to convey to Buyer fee simple marketable title to each Property by special warranty deed, free and clear of all liens, defects of title, conditions, easements, assessments, restrictions, and encumbrances except for Permitted Exceptions (as hereinafter defined).

6. Examination of Property. Seller and Buyer hereby agree as follows:

(a) Buyer shall order a title insurance commitment (the **"Title Commitment"**) from Escrow Agent, a survey and a zoning report for the Property promptly after the date hereof, and shall provide to Seller a copy of each document (including copies of all Schedule B documents referenced in the Title Commitment) within five (5) business days following receipt of each item). All matters shown in the Title Commitment, survey or zoning report (**"Title Matters"**) with respect to which Buyer fails to object prior to the expiration of the Due Diligence Period shall be deemed "**Permitted Exceptions**". However, Permitted Exceptions shall not include any mechanic's lien or any monetary lien, or any deeds of trust, mortgage, or other loan documents secured by the Property (collectively, "**Liens**"). Seller shall be required to cure or remove all Liens (by payment, bond deposit or indemnity acceptable to Escrow Agent). Seller shall have no obligation to cure any Title Matter objected to, except as aforesaid, provided Seller notifies Buyer of any objections which Seller elects not to remove or cure within five (5) business days following receipt of Buyer's objections. In the event that Seller refuses to remove or cure any objections, Buyer shall have the right to terminate this Agreement upon written notice to Seller given within five (5) business days after receipt of Seller's notice, upon which termination the Earnest Money shall be returned to Buyer and neither party shall have any further obligation hereunder, except as otherwise expressly set forth herein. If any matter not revealed in the Title Commitment is discovered by Buyer or by the Escrow Agent and is added to the Title Commitment by the Escrow Agent at or prior to Closing, Buyer shall have until the earlier of (i) ten (10) days after the Buyer's receipt of the updated, revised Title Commitment showing the new title exception, together with a legible copy of any such new matter, or (ii) the date of Closing, to provide Seller with written notice of its objection to any such new title exception (an **"Objection"**). If Seller does not remove or cure such Objection prior to the date of Closing, Buyer may terminate this Agreement, in which case the Earnest Money shall be returned to Buyer, and neither party shall have any further obligation hereunder, except as otherwise expressly set forth herein.

(b) Within five (5) days following the Effective Date, Seller shall provide to Buyer copies of the following documents and materials pertaining to each Property to the extent within Seller's possession or reasonably obtainable by Seller or Seller's counsel: (i) a complete copy of all leases affecting the Property (unless the same have previously been provided to Buyer) and all amendments thereto and of all material correspondence relating thereto and all related lease guaranties; (ii) a copy of all surveys and site plans of the Property, including without limitation any as-built survey obtained or delivered to tenants of the Property in connection with its construction; (iii) a copy of all architectural plans and specifications and construction drawings and contracts for improvements located on the Property; (iv) a copy of Seller's title insurance commitments and policies relating to the Property, including all supporting documentation related to Schedule B items identified in such commitments and policies; (v) a copy of the certificate of occupancy (or local equivalent) and zoning reports for the Property; and of all governmental permits/approvals; (vi) a copy of Seller's Phase 1 and all other environmental, engineering and physical condition reports for the Property; (vii) copies of the Property's real estate tax bills for the current and prior two (2) tax years or, if the Property has been owned by Seller for less than two (2) tax years, for the period of ownership; (viii) all service contracts and insurance policies which affect the Property, if any; (ix) a copy of all warranties relating to the improvements constructed on the Property, including without limitation any structural slab or roof warranties; (x) a written inventory of all items of personal property to be conveyed to Buyer, if any; (xi) the operating statements of the Property for the thirty-six (36) month period immediately preceding the Effective Date; and (xii) certified rent roll arrearage report reflecting any past due rents (the "**Due Diligence Materials**"). Seller shall deliver any other documents relating to each Property reasonably requested by Buyer, to the extent within Seller's possession or reasonably obtainable by Seller or Seller's counsel, within three (3) business days following such request. Additionally, during the term of this Agreement, Buyer, its agents and designees, shall have the right to enter the Property for the purposes of inspecting the Property, conducting soil tests, and making surveys, mechanical and structural engineering studies, inspecting construction, and conducting any other investigations and inspections as Buyer may reasonably require to assess the condition and suitability of the Property; provided, however, that such activities by or on behalf of Buyer on the Property shall not damage the Property nor interfere with construction on the Property or the conduct of business by Tenant under the Lease; and provided further, however, that Buyer shall indemnify and hold Seller harmless from and against any and all claims or damages to the extent resulting from the activities of Buyer on the Property, and Buyer shall repair any and all damage caused, in whole or in part, by Buyer and return the Property to its condition prior to such damage, which obligation shall survive Closing or any termination of this Agreement. Seller shall reasonably cooperate with the efforts of Buyer and the Buyer's representatives to inspect the Property and the Improvements. After the Effective Date, Buyer shall be permitted to speak and meet with Tenant in connection with Buyer's due diligence. Upon signing this agreement, Seller shall provide Buyer with the name of a contact person(s) for the purpose of arranging site visits. Buyer shall give Seller reasonable written notice (which in any event shall not be less than two (2) business days) before entering the Property, and Seller may have a representative present during any and all examinations, inspections and/or studies on the Property. Buyer shall have the unconditional right, for any reason or no reason, to terminate this Agreement by giving written notice thereof to Seller and the Escrow Agent prior to the expiration of the Due Diligence Period, in which event this Agreement shall become null and void, Buyer shall receive a refund

of the Earnest Money, and all rights, liabilities and obligations of the parties under this Agreement shall expire, except as otherwise expressly set forth herein.

(c) Within two (2) business days following the Effective Date, Seller shall request Estoppel Certificates certified to the following: "AR Global Investments, LLC, ARG LSWYMMI001, LLC and their lender, successors and assigns" (and simultaneously provide Buyer with a copy of such request) and a waiver of Tenant's right of first refusal, if any. It shall be a condition of Closing that Seller shall have obtained an estoppel certificate from Tenant in substantially the form attached hereto as Exhibit F for each Property (the **"Tenant Estoppel Certificate"**) and an estoppel certificate from Guarantor in substantially the form attached hereto as Exhibit G for each Property (the **"Guarantor Estoppel Certificate"**), and Seller shall use good faith efforts to obtain the same. Seller shall promptly deliver to Buyer photocopies or pdf files of the executed estoppel certificates when Seller receives the same.

(d) Seller shall use good faith efforts to obtain subordination, non-disturbance and attornment agreement from Tenant in form and substance reasonably acceptable to Buyer and Buyer's Lender, if applicable (the **"SNDA"**).

(e) Seller shall use good faith efforts to obtain estoppel certificates with respect to reciprocal easement agreements as may be reasonably requested by Buyer.

7. Risk of Loss/Condemnation. Upon an occurrence of a casualty, condemnation or taking with respect to any Property, Seller shall notify Buyer in writing of same. Until Closing, the risk of loss or damage to the Property, except as otherwise expressly provided herein, shall be borne by Seller. In the event all or any portion of the Property is damaged in any casualty or condemned or taken (or notice of any condemnation or taking is issued) so that: (a) Tenant has a right of termination or abatement of rent under the Lease, or (b) with respect to any casualty, if the cost to repair such casualty would exceed $50,000, or (c) with respect to any condemnation, any Improvements or access to the Property or more than five percent (5%) of the Property is (or will be) condemned or taken, then, Buyer may elect to terminate this Agreement by providing written notice of such termination to Seller within ten (10) business days after Buyer's receipt of notice of such condemnation, taking or damage, upon which termination the Earnest Money shall be returned to the Buyer and neither party hereto shall have any further rights, obligations or liabilities under this Agreement, except as otherwise expressly set forth herein. With respect to any condemnation or taking (of any notice thereof), if Buyer does not elect to cancel this Agreement as aforesaid, there shall be no abatement of the Purchase Price and Seller shall assign to Buyer at the Closing the rights of Seller to the awards, if any, for the condemnation or taking, and Buyer shall be entitled to receive and keep all such awards. With respect to a casualty, if Buyer does not elect to terminate this Agreement or does not have the right to terminate this Agreement as aforesaid, there shall be no abatement of the Purchase Price and Seller shall assign to Buyer at the Closing the rights of Seller to the proceeds under Seller's insurance policies covering the Property with respect to such damage or destruction (or pay to Buyer any such proceeds received prior to Closing) and pay to Buyer the amount of any deductible with respect thereto, and Buyer shall be entitled to receive and keep any monies received from such insurance policies.

8. Earnest Money Disbursement. The Earnest Money shall be held by Escrow Agent, in trust, and disposed of only in accordance with the following provisions:

(a) If the Closing occurs, Escrow Agent shall deliver the Earnest Money to, or upon the instructions of, Seller and Buyer on the Closing Date to be applied as part payment of the Purchase Price. If for any reason the Closing does not occur, Escrow Agent shall deliver the Earnest Money to Seller or Buyer only upon receipt of a written demand therefor from such party, subject to the following provisions of this clause (a). Subject to the last sentence of this clause (a), if for any reason the Closing does not occur and either party makes a written demand (the **"Demand"**) upon Escrow Agent for payment of the Earnest Money, Escrow Agent shall give written notice to the other party of the Demand within one business day after receipt of the Demand. If Escrow Agent does not receive a written objection from the other party to the proposed payment within five (5) business days after the giving of such notice by Escrow Agent, Escrow Agent is hereby authorized to make the payment set forth in the Demand. If Escrow Agent does receive such written objection within such period, Escrow Agent shall continue to hold such amount until otherwise directed by written instructions signed by Seller and Buyer or a final judgment of a court. Notwithstanding the foregoing provisions of this clause (a) if Buyer delivers a notice to Escrow Agent stating that Buyer has terminated this Agreement on or prior to the expiration of the Due Diligence Period, then Escrow Agent shall immediately return the Earnest Money to Buyer without the necessity of delivering any notice to, or receiving any notice from Seller.

(b) The parties acknowledge that Escrow Agent is acting solely as a stakeholder at their request and for their convenience, that Escrow Agent shall not be deemed to be the agent of either of the parties, and that Escrow Agent shall not be liable to either of the parties for any action or omission on its part taken or made in good faith, and not in disregard of this Agreement, but shall be liable for its negligent acts and for any liabilities (including reasonable attorneys' fees, expenses and disbursements) incurred by Seller or Buyer resulting from Escrow Agent's mistake of law respecting Escrow Agent scope or nature of its duties. Seller and Buyer shall jointly and severally indemnify and hold Escrow Agent harmless from and against all liabilities (including reasonable attorneys' fees, expenses and disbursements) incurred in connection with the performance of Escrow Agent's duties hereunder, except with respect to actions or omissions taken or made by Escrow Agent in bad faith, in disregard of this Agreement or involving negligence on the part of Escrow Agent. Escrow Agent has executed this Agreement in the place indicated on the signature page hereof in order to confirm that Escrow Agent has received and shall hold the Earnest Money in escrow and shall disburse the Earnest Money pursuant to the provisions of this Section 8.

9. Default

(a) In the event that Seller is ready, willing and able to close in accordance with the terms and provisions hereof, and Buyer defaults in any of its obligations undertaken in this Agreement, Seller shall be entitled to, as its sole and exclusive remedy to either: (i) if Buyer is willing to proceed to Closing, waive such default and proceed to Closing in accordance with the terms and provisions hereof; or (ii) declare this Agreement to be terminated, and Seller shall be entitled to immediately receive all of the Earnest Money as liquidated damages as and for Seller's sole remedy. Upon such termination, neither Buyer nor Seller shall have any further

rights, obligations or liabilities hereunder, except as otherwise expressly provided herein. Seller and Buyer agree that (a) actual damages due to Buyer's default hereunder would be difficult and inconvenient to ascertain and that such amount is not a penalty and is fair and reasonable in light of all relevant circumstances, (b) the amount specified as liquidated damages is not disproportionate to the damages that would be suffered and the costs that would be incurred by Seller as a result of having withdrawn the Property from the market, and (c) Buyer desires to limit its liability under this Agreement to the amount of the Earnest Money paid in the event Buyer fails to complete Closing. Seller hereby waives any right to recover the balance of the Purchase Price, or any part thereof, and the right to pursue any other remedy permitted at law or in equity against Buyer. In no event under this Section or otherwise shall Buyer be liable to Seller for any punitive, speculative or consequential damages.

(b) In the event of a default in the obligations herein taken by Seller, or in the event of the failure of a condition precedent set forth in Section 13 of this Agreement, with respect to any or all of the Properties, Buyer may, as its sole and exclusive remedy, either: (i) waive any unsatisfied conditions and proceed to Closing in accordance with the terms and provisions hereof; (ii) terminate this Agreement by delivering written notice thereof to Seller no later than Closing, upon which termination the Earnest Money shall be refunded to Buyer, Seller shall pay to Buyer all of the out-of-pocket costs and expenses incurred by Buyer in connection with this Agreement, not to exceed $15,000.00, which return and payment shall operate to terminate this Agreement and release Seller and Buyer from any and all liability hereunder, except those which are specifically stated herein to survive any termination hereof; (iii) enforce specific performance of Seller's obligations hereunder; or (iv) by notice to Seller given on or before the Closing Date, extend the Closing Date for a period of up to thirty (30) days (the **"Closing Extension Period"**) to permit Seller to remedy such default, and the "Closing Date" shall be moved to the last day of the Closing Extension Period. If Buyer so extends the Closing Date, then Seller may, but shall not be obligated to, cause said conditions to be satisfied during the Closing Extension Period. If Seller does not cause said conditions to be satisfied during the Closing Extension Period, then Buyer shall have the remedies set forth in Section 9(b) (i) through (iii) above except that the term "Closing" shall read "Extended Closing".

Notwithstanding the foregoing, in the event that Seller has made the remedy of specific performance unavailable by conveying the Property to a party other than Buyer or Approved Assignee, Buyer shall, in addition to the foregoing remedies, be permitted to pursue any and all rights and remedies available to Buyer at law or in equity; provided, however, in no event shall Seller be liable to Buyer for any punitive, speculative or indirect consequential damages.

10. Closing. The Closing shall consist of the execution and delivery of documents by Seller and Buyer, with respect to each Property as set forth below, and delivery by Buyer to Seller of the Purchase Price in accordance with the terms of this Agreement. Seller shall deliver to Escrow Agent for the benefit of Buyer at Closing the following executed documents for each Property:

(a) A Special Warranty Deed in the form attached hereto as Exhibit B;

(b) An Assignment and Assumption of Lease and Security Deposits, in the form attached hereto as Exhibit C;

(c) A Bill of Sale for the personal property, if any, in the form attached hereto as Exhibit D;

(d) An Assignment of Contracts, Permits, Licenses and Warranties in the form of Exhibit E;

(e) An original Tenant Estoppel Certificate dated no earlier than 30 days prior to the date of Closing. In addition, the business terms of the Tenant Estoppel Certificate must be in accordance with and not contradict the Lease. If the Lease and any amendments, bearing the original signatures of the landlord and tenant thereunder have not been delivered to Buyer previously, a copy thereof confirming that the copy is true, correct and complete shall be attached to the Tenant Estoppel Certificate;

(f) Seller shall request and make commercially reasonable efforts to obtain estoppel certificates with respect to any reciprocal easement agreements which affect the Property as may be reasonably requested by Buyer and Seller shall deliver any such estoppel certificates which it obtains to Escrow Agent at Closing;

(g) An original Guarantor Estoppel Certificate dated no earlier than 30 days prior to the date of Closing;

(h) A settlement statement setting forth the Purchase Price, all prorations and other adjustments to be made pursuant to the terms hereof, and the funds required for Closing as contemplated hereunder;

(i) All transfer tax statements, declarations and filings as may be necessary or appropriate for purposes of recordation of the deed;

(j) Good standing certificates and corporate resolutions or member or partner consents, as applicable, and such other documents as reasonably requested by Escrow Agent

(k) Originals of the warranties set forth on Exhibit I, and any additional warranties required by the Lease, re-issued at Seller's expense, to Buyer or Tenant, as requested by Buyer;

(l) A certificate pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended, or the regulations issued pursuant thereto, certifying the non-foreign status of Seller;

(m) An owner's title affidavit as to mechanics' liens and possession and other matters in customary form reasonably acceptable to Buyer and Escrow Agent;

(n) An original SNDA fully executed and notarized by Tenant, if requested by Buyer;

(o) Letter to Tenant in form of Exhibit H attached hereto;

(p) A certificate of insurance or other evidence reasonably satisfactory to Buyer memorializing and confirming that Tenant is then maintaining policies of insurance of the types and in the amounts required by the Lease; and

(q) Such other instruments as are reasonably required by Escrow Agent to close the escrow and consummate the purchase of the Property in accordance with the terms hereof.

At Closing, Buyer shall instruct Escrow Agent to deliver the Earnest Money to Seller which shall be applied to the Purchase Price, shall deliver the balance of the Purchase Price to Seller and shall execute and deliver execution counterparts of the closing documents referenced in clauses (b) through (d) and (h) above. If Seller consents, Buyer shall have the right to advance the Closing upon five (5) days prior written notice to Seller; provided that all conditions precedent to both Buyer's and Seller's respective obligations to proceed with Closing under this Agreement have been satisfied (or, if there are conditions to a party's obligation to proceed with Closing that remain unsatisfied, such conditions have been waived by such party). Buyer shall have a one-time right to extend the Closing for up to five (5) business days upon written notice to Seller to be received by Seller on or prior to the date scheduled for the Closing. If Buyer timely exercises this right to extend, or exercises the right to extend provided in Section 9(b), any document that Seller is obligated to provide that is "time sensitive" does not need to be provided again by Seller. The Closing shall be held through the mail by delivery of the closing documents to the Escrow Agent on or prior to the Closing or such other place or manner as the parties hereto may mutually agree.

11. Representations by Seller. For the purpose of inducing Buyer to enter into this Agreement and to consummate the sale and purchase of the Property in accordance herewith, Seller makes the following representations and warranties to Buyer as of the date hereof and as of the Closing Date with respect to the Property:

(a) Seller is duly organized (or formed), validly existing and in good standing under the laws of its state of organization, and to the extent required by law, the State in which the Property is located. Seller has the power and authority to execute and deliver this Agreement and all closing documents to be executed by Seller, and to perform all of Seller's obligations hereunder and thereunder. Neither the execution and delivery of this Agreement and all closing documents to be executed by Seller, nor the performance of the obligations of Seller hereunder or thereunder will result in the violation of any law or any provision of the organizational documents of Seller or will conflict with any order or decree of any court or governmental instrumentality of any nature by which Seller is bound;

(b) Except for any tax appeals and/or contests initiated by Seller and/or Tenant, if any, Seller has not received any written notice of any current or pending litigation, condemnation proceeding or tax appeals affecting Seller or the Property and Seller does not have any knowledge of any pending litigation, condemnation proceeding or tax appeals against Seller or the Property; Seller has not initiated, nor is Seller participating in, any action for a change or modification in the current subdivision, site plan, zoning or other land use permits for the Property and Seller has no knowledge that the Property may be rezoned;

(c) Seller has not entered into any contracts, subcontracts or agreements affecting the Property which will be binding upon Buyer after the Closing other than the Lease;

(d) Except for violations cured or remedied on or before the Effective Date, Seller has not received any written notice from (or delivered any notice to) (i) any governmental authority regarding any violation of any law applicable to the Property and Seller does not have knowledge of any such violations and (ii) any third party that the Property or the current use thereof violates any private covenant, restriction, easement or encumbrance and Seller does not have any knowledge of any such violation;

(e) Seller is or will be the sole owner of the entire lessor's interest in the Lease. The Property constitutes one or more separate tax parcels for purposes of ad valorem taxation;

(f) With respect to the Lease: (i) the Lease forwarded to Buyer under Section 6(b)(i) is a true, correct and complete copy of the Lease; (ii) the Lease is in full force and effect and there is no default thereunder; (iii) no brokerage or leasing commissions or other compensation is or will be due or payable to any person, firm, corporation or other entity with respect to or on account of the current term of the Lease or any extension or renewal thereof; (iv) Seller has no outstanding obligation to provide Tenant with an allowance to construct, or to construct at its own expense, any tenant improvements and, for the avoidance of doubt, Seller hereby confirms that any and all obligations of landlord under the Lease with respect to the "Tenant Allowance" (as such term is defined in the Lease) have been satisfied as of the Effective Date; and (v) he total scheduled annual base rent (the **"Annual Net Rent"**) for the current year of the Lease will be $688,567.50 per annum, with rental increases of 1.00% annually.

(g) With respect to the Guaranty, (i) the Guaranty forwarded to Buyer under Section 6(b)(i) is a true, correct and complete copy of the Guaranty; (ii) the Guaranty is in full force and effect and there is no default thereunder; and (iii) Seller has not entered into any modification, amendment, termination or surrender of the Guaranty.

(h) There are no occupancy rights, leases or tenancies affecting the Property other than the Lease. Neither this Agreement nor the consummation of the transactions contemplated hereby is subject to any first right of refusal or other purchase right in favor of any other person or entity; and apart from this Agreement, Seller has not entered into any written agreements for the purchase or sale of the Property, or any interest therein which has not been terminated;

(i) The transactions contemplated hereby either (i) will not constitute a sale of all or substantially all the assets of Seller, or (ii) if such transaction does constitute a sale of all or substantially all the assets of any Seller, Seller shall provide to Buyer at Closing an excise tax lien waiver or such other reasonably obtainable instruments evidencing compliance with laws or payment of taxes to the extent required by the law of the relevant state, or an indemnification from a party reasonably acceptable to Buyer for any resulting liability with respect to the period prior to the Closing;

(j) To Seller's actual knowledge, except as set forth in the environmental reports to be delivered by Seller to Buyer, no hazardous substances have been generated, stored, released, or disposed of on or about the Property in violation of any law, rule or regulation applicable to the Property which regulates or controls matters relating to the environment or public health or safety (collectively, **"Environmental Laws"**). Seller has not received any written notice from (nor delivered any notice to) any federal, state, county, municipal or other governmental department, agency or authority concerning any petroleum product or other hazardous substance discharge or seepage. For purposes of this Subsection, "hazardous substances" shall mean any substance or material which is defined or deemed to be hazardous or toxic pursuant to any Environmental Laws. To Seller's actual knowledge, except as set forth in the environmental reports to be delivered by Seller to Buyer, there are no underground storage tanks located on the Property; and

(k) Exhibit I attached hereto is a true, correct and complete listing of all warranties in effect for the Property (the **"Warranties"**).

The representations and warranties of Seller shall survive Closing for a period of six (6) months.

12. Representations by Buyer. Buyer represents and warrants to, and covenants with, Seller as follows:

(a) Buyer is duly formed, validly existing and in good standing under the laws of Delaware, is authorized to consummate the transaction set forth herein and fulfill all of its obligations hereunder and under all closing documents to be executed by Buyer, and has all necessary power to execute and deliver this Agreement and all closing documents to be executed by Buyer, and to perform all of Buyer's obligations hereunder and thereunder. This Agreement and all closing documents to be executed by Buyer have been duly authorized by all requisite corporate or other required action on the part of Buyer and are the valid and legally binding obligation of Buyer, enforceable in accordance with their respective terms. Neither the execution and delivery of this Agreement and all closing documents to be executed by Buyer, nor the performance of the obligations of Buyer hereunder or thereunder will result in the violation of any law or any provision of the organizational documents of Buyer or will conflict with any order or decree of any court or governmental instrumentality of any nature by which Buyer is bound.

The representations and warranties of Buyer shall survive Closing for a period of six (6) months.

13. Conditions Precedent to Buyer's Obligations. Buyer's obligation to pay the Purchase Price, and to accept title to the Property, shall be subject to compliance by Seller with the following conditions precedent for each Property on and as of the date of Closing:

(a) Seller shall deliver to Buyer on or before the Closing the items set forth in Section 10 above;

(b) Buyer shall receive from Escrow Agent or any other title insurer approved by Buyer in its judgment and discretion, a current ALTA owner's form of title insurance policy,

or irrevocable and unconditional binder to issue the same, with extended coverage for the Real Property in the amount of the Purchase Price, dated, or updated to, the date of the Closing, insuring, or committing to insure, at its ordinary premium rates Buyer's good and marketable title in fee simple to the Real Property and otherwise in such form and with such endorsements as provided in the title commitment approved by Buyer pursuant to Section 6 hereof and subject only to the Permitted Exceptions (the **"Title Policy"**);

(c) Buyer shall have received a valid and permanent final certificate of occupancy (or the equivalent thereof) for the Property which shall not contain any contingencies or require any additional work to be completed;

(d) Tenant shall be in possession of the premises demised under the Leases, and paying full and unabated rent under the Leases and Tenant shall not have assigned or sublet any of the Property;

(e) The representations and warranties of Seller contained in this Agreement shall have been true when made and shall be true in all material respects at and as of the date of Closing as if such representations and warranties were made at and as of the Closing, and Seller shall have performed and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or at the Closing;

(f) Seller shall have delivered to Buyer a written waiver by any party of any right of first refusal, right of first offer or other purchase option that Tenant or any other such party has pursuant to the Leases or otherwise to purchase the Property from Seller, if any; and

(g) Seller shall have made all contributions, payments and/or reimbursements and completed any and all work required by any governmental authority in connection with the construction and development of the Property, including, without limitation, as required by any variance or site plan approval.

In the event that the foregoing conditions precedent have not been satisfied as of Closing, Buyer shall have the right to terminate this Agreement and receive a refund of the Earnest Money; provided that if the failure of any of the foregoing conditions precedent is due to a default by Seller of any of its obligations hereunder, Buyer shall have the rights and remedies set forth in Section 9(b) of this Agreement.

14. Conditions Precedent to Seller's Obligations. Seller's obligation to deliver title to the Property shall be subject to compliance by Buyer with the following conditions precedent on and as of the date of Closing:

(a) Buyer shall deliver to Escrow Agent on the Closing Date the remainder of the Purchase Price, subject to adjustment of such amount pursuant to Section 2 hereof; and

(b) The representations and warranties of Buyer contained in this Agreement shall have been true when made and shall be true in all material respects at and as of the date of Closing as if such representations and warranties were made at and as of the Closing, and Buyer shall have performed and complied in all material respects with all covenants, agreements and

conditions required by this Agreement to be performed or complied with by Buyer prior to or at the Closing.

15. Notices. Unless otherwise provided herein, all notices and other communications which may be or are required to be given or made by any party to the other in connection herewith shall be in writing and shall be deemed to have been properly given and received on the date: (i) delivered by facsimile transmission or by electronic mail (e.g. email), (ii) delivered in person, (iii) deposited in the United States mail, registered or certified, return receipt requested, or (iv) deposited with a nationally recognized overnight courier, to the addresses set out in Section 1, or at such other addresses as specified by written notice delivered in accordance herewith. Notwithstanding the foregoing, Seller and Buyer agree that notice may be given on behalf of each party by the counsel for each party and notice by such counsel in accordance with this Section 15 shall constitute notice under this Agreement.

16. Seller Covenants. Seller agrees that it: (a) shall continue to own and manage the Property in the same manner in which Seller has previously owned and managed the Property; (b) shall, subject to Section 7 hereof and subject to reasonable wear and tear, maintain each Property in the same (or better) condition as exists on the date hereof; and (c) shall not, without Buyer's prior written consent, which, after the expiration of the Due Diligence Period may be withheld in Buyer's sole discretion: (i) amend the Leases in any manner, nor enter into any new lease, license agreement or other occupancy agreement with respect to any Property; (ii) consent to an assignment of the Leases or a sublease of the premises demised thereunder or a termination or surrender thereof; (iii) terminate the Leases nor release any guarantor of or security for the Leases unless required by the express terms of the Leases; and/or (iv) cause, permit or consent to an alteration of the premises demised thereunder (unless such consent is non-discretionary). Seller shall promptly inform Buyer in writing of any material event adversely affecting the ownership, use, occupancy or maintenance of any Property, whether insured or not.

17. Performance on Business Days. A "business day" is a day which is not a Saturday, Sunday or legal holiday recognized by the Federal Government. Furthermore, if any date upon which or by which action is required under this Agreement is not a business day, then the date for such action shall be extended to the first day that is after such date and is a business day. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-business day, the period in question shall end on the next succeeding business day.

18. Entire Agreement. This Agreement constitutes the sole and entire agreement among the parties hereto and no modification of this Agreement shall be binding unless in writing and signed by all parties hereto. No prior agreement or understanding pertaining to the subject matter hereof (including, without limitation, any letter of intent executed prior to this Agreement) shall be valid or of any force or effect from and after the date hereof.

19. Severability. If any provision of this Agreement, or the application thereof to any person or circumstance, shall be invalid or unenforceable, at any time or to any extent, then the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected

thereby. Each provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

20. No Representations or Warranties. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, SELLER HEREBY DISCLAIMS ALL WARRANTIES OF ANY KIND OR NATURE WHATSOEVER (INCLUDING WARRANTIES OF HABITABILITY, MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE), WHETHER EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO, WARRANTIES WITH RESPECT TO THE PROPERTY, THE ZONING OF THE LAND, THE SOIL CONDITIONS OF THE LAND, OR THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE THEREOF. BUYER ACKNOWLEDGES THAT BUYER WILL CONDUCT A DILIGENT INVESTIGATION OF THE PROPERTY WITH REGARD TO ITS CONDITION, PERMITTED USE, AND SUITABILITY FOR BUYER'S INTENDED USE THEREOF, AS WELL AS ALL OTHER FACTORS DEEMED MATERIAL TO BUYER AND WILL EMPLOY SUCH INDEPENDENT PROFESSIONALS IN CONNECTION THEREWITH AS DEEMED NECESSARY BY BUYER. BUYER FURTHER ACKNOWLEDGES THAT BUYER IS PURCHASING THE PROPERTY "AS IS" AND IN ITS PRESENT CONDITION AND THAT BUYER IS NOT RELYING UPON ANY REPRESENTATION OF ANY KIND OR NATURE MADE BY SELLER, OR ANY OF ITS EMPLOYEES, OR AGENTS WITH RESPECT TO THE PROPERTY, AND THAT, IN FACT, NO SUCH REPRESENTATIONS WERE MADE, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN.

WITHOUT IN ANY WAY LIMITING THE TERMS OF THE PRECEDING PARAGRAPH, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, SELLER MAKES NO WARRANTY WITH RESPECT TO THE PRESENCE ON OR BENEATH THE PROPERTY (OR ANY PARCEL IN PROXIMITY THERETO) OF HAZARDOUS SUBSTANCES OR MATERIALS WHICH ARE CATEGORIZED AS HAZARDOUS OR TOXIC UNDER ANY LOCAL, STATE OR FEDERAL LAW, STATUTE, ORDINANCE, RULE OR REGULATION PERTAINING TO ENVIRONMENTAL OR SUBSTANCE REGULATION, CONTAMINATION, CLEANUP OR DISCLOSURE, AND SHALL HAVE NO LIABILITY TO BUYER THEREFORE. BUYER ACKNOWLEDGES THAT ITS OPPORTUNITY FOR INSPECTION AND INVESTIGATION OF THE PROPERTY (AND OTHER PARCELS IN PROXIMITY THERETO) HAS BEEN ADEQUATE TO ENABLE BUYER TO MAKE ITS OWN DETERMINATION WITH RESPECT TO THE PRESENCE ON OR BENEATH THE PROPERTY (AND OTHER PARCELS IN PROXIMITY THERETO) OF SUCH HAZARDOUS SUBSTANCES OR MATERIALS, AND BUYER ACCEPTS THE RISK OF THE PRESENCE OF ANY SUCH SUBSTANCES OR MATERIALS.

21. Applicable Law. This Agreement shall be construed under the laws of the State or Commonwealth in which the Property is located, without giving effect to any state's conflict of laws principles.

22. Tax-Deferred Exchange. Buyer and Seller respectively acknowledge that the purchase and sale of the Property contemplated hereby may be part of a separate exchange (an **"Exchange"**) being made by each party pursuant to Section 1031 of the Internal Revenue Code

of 1986, as amended, and the regulations promulgated with respect thereto. In the event that either party (the "**Exchanging Party**") desires to effectuate such an exchange, then the other party (the "**Non-Exchanging Party**") agrees to cooperate fully with the Exchanging Party in order that the Exchanging Party may effectuate such an exchange; provided, however, that with respect to such Exchange (a) all additional costs, fees and expenses related thereto shall be the sole responsibility of, and borne by, the Exchanging Party; (b) the Non-Exchanging Party shall incur no additional liability as a result of such exchange; (c) the contemplated exchange shall not delay any of the time periods or other obligations of the Exchanging Party hereby, and without limiting the foregoing, the scheduled date for Closing shall not be delayed or adversely affected by reason of the Exchange; (d) the accomplishment of the Exchange shall not be a condition precedent or condition subsequent to the Exchanging Party's obligations under the Agreement; and (e) the Non-Exchanging Party shall not be required to hold title to any land other than the Property for purposes of the Exchange. The Exchanging Party agrees to defend, indemnify and hold the Non-Exchanging Party harmless from any and all liability, damage or cost, including, without limitation, reasonable attorney's fees that may result from Non-Exchanging Party's cooperation with the Exchange. The Non-Exchanging Party shall not, by reason of the Exchange, (i) have its rights under this Agreement, including, without limitation, any representations, warranties and covenants made by the Exchanging Party in this Agreement (including but not limited to any warranties of title, which, if Seller is the Exchanging Party, shall remain warranties of Seller), or in any of the closing documents (including but not limited to any warranties of title, which, if Seller is the Exchanging Party, shall remain warranties of Seller) contemplated hereby, adversely affected or diminished in any manner, or (ii) be responsible for compliance with or deemed to have warranted to the Exchanging Party that the Exchange complies with Section 1031 of the Code.

23. Broker's Commissions. Buyer and Seller each hereby represent that there are no brokers involved or that have a right to proceeds in this transaction. Seller and Buyer each hereby agree to indemnify and hold the other harmless from all loss, cost, damage or expense (including reasonable attorneys' fees at both trial and appellate levels) incurred by the other as a result of any claim arising out of the acts of the indemnifying party (or others on its behalf) for a commission, finder's fee or similar compensation made by any broker, finder or any party who claims to have dealt with such party. The representations, warranties and indemnity obligations contained in this section shall survive the Closing or the earlier termination of this Agreement.

24. Assignment. Except as set forth in this Section 24, Buyer shall not sell, assign or transfer all or any part of its interest in and to this Agreement without the prior written consent of Seller, which consent may be granted or withheld in Seller's sole and absolute discretion. Notwithstanding the foregoing, Buyer may assign its rights under this Agreement to (i) ARG LSWYGMI001, LLC, (ii) a subsidiary of AR Global Investments, LLC, or (iii) another entity receiving advisory services from AR Global Investments, LLC or any of its subsidiaries (such special purpose entity, the "**Approved Assignee**"). The notice address for the Approved Assignee is 405 Park Avenue, New York, NY. No such assignment shall relieve Buyer of any of its obligations hereunder until Closing is complete...

25. Attorneys' Fees. In any action between Buyer and Seller as a result of failure to perform or a default under this Agreement, the prevailing party shall be entitled to recover from

the other party, and the other party shall pay to the prevailing party, the prevailing party's attorneys' fees and disbursements and court costs incurred in such action.

26. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been signed by each of the parties and delivered to the other party. Signatures on this Agreement which are transmitted by electronically shall be valid for all purposes, however any party shall deliver an original signature on this Agreement to the other party upon request.

27. Anti-Terrorism. Neither Buyer or Seller, nor any of their affiliates, are in violation of any Anti-Terrorism Law (as hereinafter defined) or engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law. "Anti-Terrorism Laws" shall mean any laws relating to terrorism or money laundering, including: Executive Order No. 13224; the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or may hereafter be, renewed, extended, amended or replaced; the applicable laws comprising or implementing the Bank Secrecy Act; and the applicable laws administered by the United States Treasury Department's Office of Foreign Asset Control (as any of the foregoing may from time to time be amended, renewed, extended, or replaced).

28. Confidentiality. Each party agrees that, except as otherwise set forth in this Agreement or provided by law or applicable regulatory authority, or unless compelled by an order of a court of competent jurisdiction, it shall keep the contents of this Agreement, and any information related to the transactions contemplated hereunder, confidential, unless and until the Closing Date shall occur, and each party further agrees to refrain from participating in any publicity statement, press release or other public notice regarding this transaction prior to the Closing Date, without the prior written consent of the other party hereto, unless required under applicable law, regulatory authority or by a court order. Notwithstanding the foregoing, the parties hereto shall be permitted to disclose the terms and conditions of this Agreement to their respective attorneys, accountants, financial analysts, bankers, auditors and other similar persons who reasonably require such information, all of whom shall be advised, in writing, of the confidential nature of this Agreement.

29. REIT Specific Provisions. For a period of one (1) year after Closing, Seller shall make all financial statements, including balance sheets, income statements, stockholders' equity statements and cash flow statements and related notes, and any and all books, records, correspondence, financial data, leases, delinquency reports and all other documents maintained by Seller or its agents relating to receipts, expenditures, contributions and distributions pertaining to the Property for the three (3) most recent full calendar years and the interim period of the calendar year in which the Closing occurs, to the extent that same exist and are in Seller's possession or control (collectively, the "**Records**"), as may be reasonably requested by Buyer or its designated accountants, available to Buyer and/or its accountants for inspection and copying by Buyer or its accountants, at Buyer's sole cost and expense, for the purpose of completing an audit and to enable Buyer to file any filings required by the Securities and Exchange Commission (the "**SEC**") in connection with the purchase of the Property. Seller understands

and acknowledges that Buyer may be required to file audited financial statements related to the Property with the SEC within seventy-one (71) days of the Closing Date and agrees to make any requested Records available to Buyer's accountants on a timely basis to facilitate Buyer's timely submission of such audited financial statements.

[SIGNATURES APPEAR ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

BUYER:

AR GLOBAL INVESTMENTS, LLC

By: _____
Name: Michael R. Anderson
Title: Authorized Signatory
Date: February 8, 2018

SELLER:

LS RE LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

THE UNDERSIGNED HEREBY ACKNOWLEDGES AND AGREES TO BE BOUND BY THE TERMS OF THIS AGREEMENT RELATING TO ESCROW AGENT AND THE EARNEST MONEY.

ESCROW AGENT:

FIRST NATIONWIDE TITLE COMPANY

By: _____
Name: Brian Weirs
Title: National Underwriting Counsel
Date: 2/9/18

[SIGNATURE PAGE TO AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY]

EXHIBITS

Exhibit A	-	Legal Description
Exhibit B	-	Form of Special Warranty Deed
Exhibit C	-	Form of Assignment and Assumption of Lease
Exhibit D	-	Form of Bill of Sale
Exhibit E	-	Form of Assignment of Contracts, Permits, Licenses and Warranties
Exhibit F	-	Form of Tenant Estoppel Certificate
Exhibit G	-	Form of Guarantor Estoppel Certificate
Exhibit H	-	Form of Tenant Notice
Exhibit I	-	Warranties

EXHIBIT A

LEGAL DESCRIPTION

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

Land situated in the City of Wyoming, County of Kent and State of Michigan, is described as follows:

That part of the Southwest 1/4, Section 35, Town 6 North, Range 12 West, City of Wyoming, Kent County, Michigan, described as: Commencing at the Southwest corner of Section 35; Thence North 01 deg. 27' 58" West 662.18 feet along the West line of said Southwest 1/4 to the Place of beginning of this description; Thence North 01 deg. 27' 58" West 413.00 feet along said West line; Thence North 88 deg. 32' 02" East 611.21 feet; Thence South 01 deg. 26' 30" East 52.15 feet; Thence Southerly 35.79 feet along a 50.00 foot radius curve to the right, the chord of which bears South 19 deg. 03' 56" West 35.03 feet; Thence Southeasterly 137.20 feet along a 60.00 foot radius curve to the left, the chord of which bears South 25 deg. 56' 04" East 109.20 feet; Thence South 01 deg. 26' 30" East 250.00 feet; Thence North 89 deg. 34' 03" West 644.37 feet along the South line of the North 3/4 of the West 1/2 of said Southwest 1/4 to the Place of beginning.

Also, together with a permanent, non-exclusive easement for ingress and egress, described as:

That part of the Southwest 1/4, Section 35, Town 6 North, Range 12 West, City of Wyoming, Kent County, Michigan, described as: Commencing at the Southwest corner of Section 35; Thence North 01 deg. 27' 58" West 1075.18 feet along the West line of said Southwest 1/4; Thence North 88 deg. 32' 02" East 566.23 feet to the Place of beginning; Thence Northeasterly 70.67 feet along a 45.00 foot radius curve to the left, the chord of which bears North 43 deg. 32' 46" East 63.63 feet; Thence South 01 deg. 26' 30" East 44.98 feet; Thence South 88 deg. 32' 02" West 44.98 feet to the place of beginning.

EXCEPT that part of the Southwest 1/4, Section 35, Township 6 North, Range 12 West, City of Wyoming, Kent County, Michigan, conveyed for Burlingame Avenue R.O.W, and described as: Commencing at the Southwest corner of Section 35; Thence North 01 deg. 27' 58" West 662.18 feet along the West line of said Southwest 1/4 to the place of beginning of this description; Thence North 01 deg. 27' 58" West 413.00 feet along said West line; Thence North 88 deg. 32' 02" East 40.00 feet; Thence South 01 deg. 27' 58" East 414.33 feet; Thence North 89 deg. 34' 03" West 40.02 feet along the South line of the North 3/4 of the West 1/2 of said Southwest 1/4 to the place of beginning.

Parcel ID: 41-17-35-300-032

Street Address: 5875 Weller Court SW, Wyoming, Michigan 49509

EXHIBIT B

FORM OF SPECIAL WARRANTY DEED

[Subject to Local Counsel Review]

This document prepared by:
(and return to :)

_____
_____
_____
_____

Tax Parcel No. _____

SPECIAL WARRANTY DEED

THIS INDENTURE, made on the _____ day of _____, 2018, by and between _____, a _____ ("Grantor"), and _____, a _____, whose address is _____ ("Grantee")

W I T N E S S E T H:

THAT Grantor, in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does by these presents, sell and convey unto the said Grantee, its successors and assigns, the lots, tracts or parcels of land lying, being and situated in the County of _____, State of _____, and more fully described on Exhibit "A" attached hereto and incorporated herein by reference, together with all buildings, facilities and other improvements, located thereon.

TO HAVE AND TO HOLD the premises aforesaid with all and singular, the rights, easements, privileges, appurtenances and immunities thereto belonging or in any wise appertaining unto the said Grantee and unto Grantee's successors and assigns forever, the said Grantor hereby covenanting that Grantor will warrant and defend the title to said premises unto the said Grantee and unto Grantee's successors and assigns, against the lawful claims and demands of all persons claiming under or through Grantor, but not otherwise.

IN WITNESS WHEREOF, Grantor has executed this Special Warranty Deed the day and year first above written.

GRANTOR:

_____

By: _____
Name:
Its:

[ACKNOWLEDGMENT]

EXHIBIT C

FORM OF ASSIGNMENT AND ASSUMPTION OF LEASE, GUARANTY AND SECURITY DEPOSIT

_____ ("Assignor"), in consideration of the sum of Ten and No/100 Dollars ($10.00) in hand paid and other good and valuable consideration, the receipt of which is hereby acknowledged, hereby assigns, transfers, sets over and conveys to _____ ("Assignee"), all of Assignor's right, title and interest in and to that certain Lease dated _____, between Assignor and _____ (as amended from time to time, the "Lease"), including any and all security deposits under the Lease, together with all of Assignor's right, title and interest in and to that certain Guaranty of Lease dated _____, between Assignor and _____ (as amended from time to time, the "Guaranty").

Subject to the limitations set forth below, Assignor does hereby agree to defend, indemnify and hold harmless Assignee from any liability, damages (excluding speculative damages, consequential damages and lost profits), causes of action, expenses and reasonable attorneys' fees incurred by Assignee by reason of the failure of Assignor to have fulfilled, performed and discharged all of the various commitments, obligations and liabilities of the lessor, or landlord under and by virtue of the Lease prior to the date of this Assignment. Subject to the limitations set forth below, Assignee does hereby agree to defend, indemnify and hold harmless Assignor from any liability, damages (excluding speculative damages, consequential damages and lost profits), causes of action, expenses and reasonable attorneys' fees incurred by Assignor by reason of the failure of Assignee to have fulfilled, performed and discharged all of the various commitments, obligations and liabilities of the Landlord under and by virtue of the Lease on and after the date of this Assignment.

By executing this assignment, Assignee hereby accepts the assignment of and assumes Assignor's obligations and liabilities set forth in the Lease from and after the date hereof.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment this _____ day of _____, 2018, which Assignment is effective this date. This Assignment may be executed in counterparts, which when taken together shall be deemed one agreement.

ASSIGNOR:

_____

By: _____
Name: _____
Title: _____

ASSIGNEE:

_____

By:_____

By:_____

By_____
Name:_____
Title:_____

EXHIBIT D

FORM OF BILL OF SALE

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, _____, a _____, having an address at _____ ("Seller"), hereby bargains, sells, conveys and transfers to _____ ("Buyer"), a _____, all of Seller's right, title and interest in and to those certain items of personal and intangible property (including any warranty made by third parties in connection with the same and the right to sue on any claim for relief under such warranties) (the "Personal Property") located at or held in connection with that certain real property located in the State of _____, as more particularly described on Schedule A attached hereto and made a part hereof.

Seller has not made and does not make any express or implied warranty or representation of any kind whatsoever with respect to the Personal Property, including, without limitation, with respect to title, merchantability of the Personal Property or its fitness for any particular purpose, the design or condition of the Personal Property; the quality or capacity of the Personal Property; workmanship or compliance of the Personal Property with the requirements of any law, rule, specification or contract pertaining thereto; patent infringement or latent defects. Buyer accepts the Personal Property on an "as is, where is" basis.

IN WITNESS WHEREOF, Seller has caused this instrument to be executed and delivered as of this ___ day of _____, 2018.

SELLER:

_____

By: _____

Name: _____

Title: _____

SCHEDULE A

TO BILL OF SALE

[Add legal description of Real Property]

EXHIBIT E

FORM OF ASSIGNMENT OF CONTRACTS, PERMITS, LICENSES AND WARRANTIES

THIS ASSIGNMENT, made as of the ___ day of _____, 2018, by _____, a _____ ("Assignor"), to _____, a _____("Assignee").

W I T N E S S E T H:

WHEREAS, by Agreement of Purchase and Sale (the "Purchase Agreement") dated as of _____, 2015, between Assignor and AR Capital, LLC, predecessor-in-interest to Assignee, Assignee has agreed to purchase from Assignor as of the date hereof, and Assignor has agreed to sell to Assignee, that certain property located at _____ (the "Property"); and

WHEREAS, Assignor desires to assign to Assignee as of the date hereof all of Assignor's right, title and interest in contracts, permits, trademarks, licenses and warranties held by Assignor in connection with the Property, including without limitation any and all guaranties of leases relating to the Property (collectively, the "Contracts").

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Assignor hereby assigns, sets over and transfers unto Assignee to have and to hold from and after the date hereof all of the right, title and interest of Assignor in, to and under the Contracts. Assignor agrees without additional consideration to execute and deliver to Assignee any and all additional forms of assignment and other instruments and documents that may be reasonably necessary or desirable to transfer or evidence the transfer to Assignee of any of Assignor's right, title and interest to any of the Contracts.

By executing this assignment, Assignee hereby accepts the assignment of and assumes Assignor's obligations and liabilities set forth in the Contracts from and after the date hereof. This Assignment shall be governed by the laws of the State of _____, applicable to agreements made and to be performed entirely within said State.

IN WITNESS WHEREOF, Assignor has duly executed this Assignment as of the date first above written.

ASSIGNOR:

_____

By: _____
Name: _____
Title: _____

ASSIGNEE:

_____

By:_____

By:_____

By_____
Name:_____
Title:_____

EXHIBIT F

FORM OF TENANT ESTOPPEL CERTIFICATE

_____
_____

_____
_____
_____

[_____] (the "**Tenant**") hereby certifies to you that Tenant leases from LS RE LLC (the "**Landlord**") approximately _____ leasable square feet of space (the "**Premises**") in that certain building located at [_____] (the "**Property**") pursuant to that certain Lease Agreement dated _____ by and between Landlord and Tenant (collectively, the "**Lease**"), a true and correct copy of which is attached hereto as Exhibit A. Tenant hereby further certifies that as of the date hereof:

1. The Lease is in full force and effect and has not been modified, supplemented or amended, except as set forth in the introductory paragraph hereof.

2. Tenant is in actual occupancy of and has accepted the Premises.

3. Landlord has performed all obligations under the Lease to be performed by Landlord, including, but not limited to, completion of all tenant improvement work required under the Lease and the payment of all required allowances and contributions therefor. Tenant is not entitled to any further payment, credit or allowance for tenant improvement work.

4. The initial term of the Lease commenced _____ and will expire _____.

5. Tenant has no options or rights to renew or extend the term of the Lease or to expand the Premises, except as follows:

_____.

6. Tenant has not paid any rent or other payments more than one month in advance, except as follows: _____.

7. Base Rent and Additional Charges have been paid through _____. There currently exists no claims, defenses or rights of set-off to or against the obligations of Tenant to pay Base Rent or Additional Charges or relating to any other term, covenant or condition under the Lease.

8. There are no concessions, bonuses, free rent, rebates or other matters affecting the rent payable under the Lease, except as follows:

_____.

9. No security or other deposit has been paid under the Lease, except as follows: _____.

10. Landlord is not currently in default under the Lease and there are no events or conditions existing and known to Tenant that, with or without notice or the lapse of time, or both, could constitute a default of the Landlord under the Lease or entitle Tenant to offsets or defenses against the prompt payment of rent, except as follows: _____. Tenant is not in default under any of the terms and conditions of the Lease nor is there now any fact or condition that, with notice or lapse of time or both, will become such a default.

11. Tenant has not assigned, transferred, mortgaged or otherwise encumbered its interest under the Lease, nor subleased any of the Premises, nor permitted any person or entity to use the Premises except as follows:

_____.

12. Tenant has no rights of refusal or options to purchase the Property.

13. The Lease represents the entire agreement between the parties with respect to Tenant's right to use and occupy the Premises.

Tenant acknowledges that the parties to whom this Estoppel Certificate is addressed will be relying upon the accuracy of this Estoppel Certificate in connection with their acquisition and/or financing of the Property.

IN WITNESS WHEREOF, Tenant has caused this Estoppel Certificate to be executed this _____ day of _____, 2018.

TENANT:

[_____]

By: _____

Name: _____
Title: _____
Date: _____

EXHIBIT G

FORM OF GUARANTOR ESTOPPEL CERTIFICATE

The undersigned hereby certifies to AR Global Investments, LLC ("**Buyer**"), _____ ("**Lender**") and their respective successors and assigns as follows:

1. The undersigned (**"Guarantor"**) is the guarantor of that certain [Lease Agreement] dated as of _____ __, ____, as amended by [insert amendments] ([collectively,] the **"Lease"**) by and between _____ (**"Landlord"**) and _____ (**"Tenant"**), pursuant to which Tenant leases from Landlord the land and building located at _____, as more particularly described in the Lease (the **"Premises"**). Such guaranty is made pursuant to that certain Guarantee dated as of _____ __, ____ (the **"Guaranty"**) from Guarantor to Landlord.

2. The Guaranty has not been modified, changed, altered, supplemented or amended in any respect, nor have any provisions thereof been waived.

3. The Guaranty is valid and in full force and effect on the date hereof.

4. No voluntary actions or, to Guarantor's best knowledge, involuntary actions are pending against Guarantor under the bankruptcy laws of the United States or any state thereof.

5. This Certificate is delivered to induce Buyer to acquire the Premises and Lender to provide financing in connection with such acquisition, with the understanding that Buyer and Lender shall rely upon the truth of the matters set forth in this Certificate.

The undersigned is duly authorized to execute this Certificate on behalf of Guarantor.

Dated: _____, 2018

GUARANTOR:

By: _____
Name:
Title:

EXHIBIT H

FORM OF NOTICE TO TENANT

TO: [Tenant]

Re: Notice of Change of Ownership of _____

Ladies and Gentlemen:

YOU ARE HEREBY NOTIFIED AS FOLLOWS:

That as of the date hereof, the undersigned has transferred, sold, assigned, and conveyed all of its right, title and interest in and to the above-described property, (the "Property") to [INSERT NAME OF BUYER] (the "New Owner") and assigned to New Owner, all of the undersigned's right, title and interest under that certain Lease, dated _____, between _____as tenant and _____as landlord (the "Lease"), together with any security deposits or letters of credit held thereunder.

Accordingly, New Owner is the landlord under the Lease and future notices and correspondence with respect to your leased premises at the Property should be made to the New Owner at the following address:

_____
_____
405 Park Avenue
New York, NY 10022

You will receive a separate notification from New Owner regarding the new address for the payment of rent. In addition, to the extent required by the Lease, please amend all insurance policies you are required to maintain pursuant to the Lease to name New Owner as an additional insured thereunder and promptly provide New Owner with evidence thereof.

Very truly yours,
[PRIOR LANDLORD]

By:_____
Name: _____
Title: _____

EXHIBIT I

WARRANTIES

EXHIBIT D

ASSIGNMENT AND ASSUMPTION OF LEASE, GUARANTY AND SECURITY DEPOSIT

This 21st day of March, 2018, LS RE LLC, a Delaware limited liability company ("**Assignor**"), in consideration of the sum of Ten and No/100 Dollars ($10.00) in hand paid and other good and valuable consideration, the receipt of which is hereby acknowledged, hereby assigns, transfers, sets over and conveys to ARG LSWYGMI001, LLC, a Delaware limited liability company ("**Assignee**"), all of Assignor's right, title and interest in and to that certain Lease dated September 14, 2015, between Assignor and Lee Steel Holdings LLC, a Delaware limited liability company (as amended from time to time, the "**Lease**"), including any and all security deposits under the Lease, together with all of Assignor's right, title and interest in and to that certain Guaranty of Lease dated September 14, 2015, between Assignor and Berg Steel Holdings LLC, a Delaware limited liability company (as amended from time to time, the "**Guaranty**").

Subject to the limitations set forth below, Assignor does hereby agree to defend, indemnify and hold harmless Assignee from any liability, damages (excluding speculative damages, consequential damages and lost profits), causes of action, expenses and reasonable attorneys' fees incurred by Assignee by reason of the failure of Assignor to have fulfilled, performed and discharged all of the various commitments, obligations and liabilities of the lessor, or landlord under and by virtue of the Lease prior to the date of this Assignment. Subject to the limitations set forth below, Assignee does hereby agree to defend, indemnify and hold harmless Assignor from any liability, damages (excluding speculative damages, consequential damages and lost profits), causes of action, expenses and reasonable attorneys' fees incurred by Assignor by reason of the failure of Assignee to have fulfilled, performed and discharged all of the various commitments, obligations and liabilities of the Landlord under and by virtue of the Lease on and after the date of this Assignment.

By executing this assignment, Assignee hereby accepts the assignment of and assumes Assignor's obligations and liabilities set forth in the Lease from and after the date hereof.

This Assignment may be executed in counterparts, which when taken together shall be deemed one agreement.

[THE BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment effective as of the day and year first above written.

ASSIGNOR:

LS RE LLC, a Delaware limited liability company

By: _____
Name: Christopher Hutter
Title: Manager

ASSIGNEE:

ARG LSWYGMI001, LLC, a Delaware limited liability company

By: Global Net Lease Operating Partnership, L.P., its sole member

By: Global Net Lease, Inc., its sole member

By: _____
Name: Michael R. Anderson
Title: Authorized Signatory

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment effective as of the day and year first above written.

ASSIGNOR:

LS RE LLC, a Delaware limited liability company

By: _____
Name: Christopher Hutter
Title: Manager

ASSIGNEE:

ARG LSWYGMI001, LLC, a Delaware limited liability company

By: Global Net Lease Operating Partnership, L.P., its sole member

By: Global Net Lease, Inc., its sole member

By: _____
Name: Michael R. Anderson
Title: Authorized Signatory

EXHIBIT E

GNL
GLOBAL NET LEASE

Global Net Lease **38 Washington Square Newport, RI, US 02840**	**Invoice No.:** M070416-HO5019-20241202 **Invoice Date:** 12/02/2024 **Page:** 1 **Lease ID:** HO5019 **Suite ID:** 01 **Lease Exp.:** 09/30/2028 **Due Date:** 12/02/2024

Tenant Name: Lee Steel Holdings, LLC
Billing Address: 5875 Weller Court SW
Wyoming, MI, US 49509

Email: kBykowski@upgllc.com

Payments are due on the 1st day of the month.
Late fees can be assessed accordingly.

Item #	Bill Code	Description	Charges
0002935305	DBR	2024 Wyoming City (Kent)	$200,018.16

Please pay electronically online using ARC

Lee Steel - Wyoming, MI
5875 Weller Ct. SW
Wyoming MI, 49509

TOTAL: $200,018.16

EXHIBIT F



EVAN K. FARBER
Partner

345 Park Avenue
New York, NY 10154

Direct 212.407.4018
Main 212.407.4000
Fax 646.619.4728
efarber@loeb.com

Via FedEx and Email

February 18, 2025

Christopher Hutter
Paul Douglass
Michael Molenda
UPG Enterprises LLC
1400 16th Street #250
Oak Brook, IL 60523

LEE STEEL HOLDINGS LLC
5875 Weller Ct. SW
Wyoming, MI 49509
Attention: Accounts Payable

Re: Notice of Default Under Lease Dated September 14, 2015

Dear Messrs. Hutter, Douglass, and Molenda:

This firm represents ARG LSWYGMI001, LLC, as successor in interest to LS RE LLC ("Landlord"), in connection with (a) the Lease dated as of September 14, 2015 (the "Lease"), between Landlord and Lee Steel Holdings LLC ("Tenant"), and (b) the Guaranty of Lease dated September 14, 2015 (the "Guaranty"), executed in favor of Landlord by Berg Steel Holdings LLC ("Guarantor"), with respect to the property at 5875 Weller Court SW, Wyoming, Michigan 49509. Capitalized terms not defined herein bear the same definition as in the Lease.

Tenant has failed to pay Base Rent for the month of February, 2025, and outstanding Additional Rent in the form of Tax Charges and Expense Charges (including, without limitation, payment of real estate taxes, insurance premiums and operating expenses, as applicable). Pursuant to Section 3.6 of the Lease, if Tenant does not pay any Base Rent or Additional Rent (together, "Rent") when due, such Rent is subject to interest at the Default Rate, accruing from the fifth day following the date due until the date paid. In addition, if Tenant fails to pay Rent in full within five days after its due date, Tenant must pay Landlord a Late Charge of 5% of each past due payment.

Further, pursuant to Sections 20.1 and 20.2 of the Lease, Tenant's failure to pay any Rent owed within five days after its due date constitutes a Default. Upon such Default, pursuant to Section 20.3 of the Lease, Tenant must reimburse all costs and expenses paid by Landlord in performing any obligation of Tenant under the Lease, as well as interest thereon at the Default Rate. In addition, as set forth in Section 20.5 of the Lease, Tenant's failure to make timely payment to Landlord of any Rent owed entitles Landlord to reimbursement from Tenant for all costs and expenses, including legal fees, incurred in Landlord's efforts to recover amounts owed from Tenant.

To the extent Tenant fails to immediately pay to Landlord all outstanding Rent (including late charges and default interest accrued thereon) and reimbursement of Landlord's costs, pursuant

For the United States offices, a limited liability partnership including professional corporations. For Hong Kong office, a limited liability partnership.

to this notice, Landlord hereby demands such payment from Guarantor pursuant to Paragraph 2 of the Guaranty.

Landlord expressly reserves all rights and remedies available to it against Tenant pursuant to the Lease, including but not limited to Article 20 of the Lease; all rights and remedies available to it against Guarantor pursuant to the Guaranty; and all other rights and remedies available to it against both Tenant and Guarantor at law and in equity.

Sincerely,

/s/ Evan K. Farber

Evan K. Farber
Partner

cc: Thomas Pontikis, Esq. (via email)

EXHIBIT G

EVAN K. FARBER
Partner

345 Park Avenue
New York, NY 10154

Direct 212.407.4018
Main 212.407.4000
Fax 646.619.4728
efarber@loeb.com

Via FedEx and Email

March 27, 2025

Christopher Hutter
Paul Douglass
Michael Molenda
UPG Enterprises LLC
1400 16th Street #250
Oak Brook, IL 60523

LEE STEEL HOLDINGS LLC
5875 Weller Ct. SW
Wyoming, MI 49509
Attention: Accounts Payable

Re: Notice of Default Under Lease Dated September 14, 2015

Dear Messrs. Hutter, Douglass, and Molenda:

This firm represents ARG LSWYGMI001, LLC, as successor in interest to LS RE LLC ("Landlord"), in connection with (a) the Lease dated as of September 14, 2015 (the "Lease"), between Landlord and Lee Steel Holdings LLC ("Tenant"), and (b) the Guaranty of Lease dated September 14, 2015 (the "Guaranty"), executed in favor of Landlord by Berg Steel Holdings LLC ("Guarantor"), with respect to the property at 5875 Weller Court SW, Wyoming, Michigan 49509. Capitalized terms not defined herein bear the same definition as in the Lease. I write in follow-up to my letter dated February 18, 2025, sent to Tenant and Guarantor on behalf of Landlord (the "February Default Notice").

As set forth in the February Default Notice, Tenant has failed to pay Base Rent for the month of February, 2025, and outstanding Additional Rent including Tax Charges and Expense Charges (including, without limitation, payment of real estate taxes, insurance premiums and operating expenses, as applicable) (Base Rent and Additional Rent collectively, "Rent"). Tenant has now additionally failed to pay Rent for the month of March, 2025. Pursuant to Section 3.6 of the Lease, Tenant is now subject to interest at the Default Rate given its failure to pay Rent within five days of the due date. In addition, Tenant must pay Landlord a Late Charge of 5% of each past due payment.

As further set forth in the February Default Notice, pursuant to Sections 20.1 and 20.2 of the Lease, Tenant's failure to pay any Rent owed within five days after its due date constitutes a Default. Upon such Default, pursuant to Section 20.3 of the Lease, Tenant must reimburse all costs and expenses paid by Landlord in performing any obligation of Tenant under the Lease, as well as interest thereon at the Default Rate. In addition, as set forth in Section 20.5 of the Lease, Tenant's failure to make timely payment to Landlord of any Rent owed entitles Landlord to reimbursement from Tenant for all costs and expenses, including legal fees, incurred in Landlord's efforts to recover amounts owed from Tenant. Pursuant to Section 20.7 of the Lease, if Tenant fails to make timely payments more than two times within a 12 month period during the Term, Landlord may cancel Tenant's right to exercise any or all extension, expansion, termination or

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purchase options or rights under the Lease, and may require Tenant to pay all Rent due under the Lease by automatic fund transfers from Tenant's bank account.

In light of Tenant's Default, Landlord hereby demands payment of all outstanding Rent (including late charges and default interest accrued thereon) and reimbursement of Landlord's costs from Guarantor pursuant to Paragraph 2 of the Guaranty. To the extent Tenant continues to fail to make such payments, pursuant to this notice, Landlord further demands such payment from Guarantor pursuant to Paragraph 2 of the Guaranty.

Landlord expressly reserves all rights and remedies available to it against Tenant pursuant to the Lease, including but not limited to Article 20 of the Lease; all rights and remedies available to it against Guarantor pursuant to the Guaranty; and all other rights and remedies available to it against both Tenant and Guarantor at law and in equity.

Sincerely,

/s/ Evan K. Farber

Evan K. Farber
Partner

cc: Thomas Pontikis, Esq. (via email)

EXHIBIT H



EVAN K. FARBER
Partner

345 Park Avenue
New York, NY 10154

Direct 212.407.4018
Main 212.407.4000
Fax 646.619.4728
efarber@loeb.com

Via FedEx and Email

April 21, 2025

Christopher Hutter
Paul Douglass
Michael Molenda
UPG Enterprises LLC
1400 16th Street #250
Oak Brook, IL 60523

LEE STEEL HOLDINGS LLC
5875 Weller Ct. SW
Wyoming, MI 49509
Attention: Accounts Payable

Re: Notice of Default Under Lease Dated September 14, 2015

Dear Messrs. Hutter, Douglass, and Molenda:

This firm represents ARG LSWYGMI001, LLC, as successor in interest to LS RE LLC ("Landlord"), in connection with (a) the Lease dated as of September 14, 2015 (the "Lease"), between Landlord and Lee Steel Holdings LLC ("Tenant"), and (b) the Guaranty of Lease dated September 14, 2015 (the "Guaranty"), executed in favor of Landlord by Berg Steel Holdings LLC ("Guarantor"), with respect to the property at 5875 Weller Court SW, Wyoming, Michigan 49509. Capitalized terms not defined herein bear the same definition as in the Lease. I write in follow-up to my letters dated February 18, 2025 (the "February Default Notice") and March 27, 2025 (the "March Default Notice"), both sent to Tenant and Guarantor on behalf of Landlord.

As set forth in the February Default Notice and the March Default Notice, Tenant failed to pay Base Rent for the months of February and March 2025, and outstanding Additional Rent including Tax Charges and Expense Charges (including, without limitation, payment of real estate taxes, insurance premiums and operating expenses, as applicable) (Base Rent and Additional Rent collectively, "Rent"). We understand that Tenant subsequently made payment of Rent for February, but not for March, and Tenant has now additionally failed to pay Rent for the month of April 2025. Pursuant to Section 3.6 of the Lease, Tenant is now subject to interest at the Default Rate given its failure to pay Rent within five days of the due date. In addition, Tenant must pay Landlord a Late Charge of 5% of each past due payment.

As further set forth in the March Default Notice, pursuant to Sections 20.1 and 20.2 of the Lease, Tenant's failure to pay any Rent owed within five days after its due date constitutes a Default. Upon such Default, pursuant to Section 20.3 of the Lease, Tenant must reimburse all costs and expenses paid by Landlord in performing any obligation of Tenant under the Lease, as well as interest thereon at the Default Rate. In addition, as set forth in Section 20.5 of the Lease, Tenant's failure to make timely payment to Landlord of any Rent owed entitles Landlord to reimbursement from Tenant for all costs and expenses, including legal fees, incurred in Landlord's efforts to recover amounts owed from Tenant.

For the United States offices, a limited liability partnership including professional corporations. For Hong Kong office, a limited liability partnership.

Pursuant to Section 20.7 of the Lease, because Tenant has failed to make timely payments more than two times within this 12 month period during the Term, Landlord may cancel Tenant's right to exercise any or all extension, expansion, termination or purchase options or rights under the Lease, and may require Tenant to pay all Rent due under the Lease by automatic fund transfers from Tenant's bank account.

In light of Tenant's Default, Landlord hereby demands payment of all outstanding Rent (including late charges and default interest accrued thereon) and reimbursement of Landlord's costs from Guarantor pursuant to Paragraph 2 of the Guaranty. To the extent Tenant continues to fail to make such payments, pursuant to this notice, Landlord further demands such payment from Guarantor pursuant to Paragraph 2 of the Guaranty.

Landlord expressly reserves all rights and remedies available to it against Tenant pursuant to the Lease, including but not limited to Article 20 of the Lease; all rights and remedies available to it against Guarantor pursuant to the Guaranty; and all other rights and remedies available to it against both Tenant and Guarantor at law and in equity.

Sincerely,

/s/ Evan K. Farber

Evan K. Farber
Partner

cc: Thomas Pontikis, Esq. (via email)

EXHIBIT I

GNL
GLOBAL NET LEASE

Global Net Lease **38 Washington Square Newport, RI, US 02840**	**Invoice No.:** M070416-HO5019-20250428 **Invoice Date:** 04/28/2025 **Page:** 1 **Lease ID:** HO5019 **Suite ID:** 01 **Lease Exp.:** 09/30/2028 **Due Date:** 04/28/2025

Tenant Name: Lee Steel Holdings, LLC
Billing Address: 5875 Weller Court SW
Wyoming, MI, US 49509

Email: kBykowski@upgllc.com

Payments are due on the 1st day of the month.
Late fees can be assessed accordingly.

Item #	Bill Code	Description	Charges
0003049644	PYT	2024 Wyoming City Treasurer (K	$10,718.48

Please pay electronically online using ARC

Lee Steel - Wyoming, MI
5875 Weller Ct. SW
Wyoming MI, 49509

TOTAL: $10,718.48

EXHIBIT J

GNL
GLOBAL NET LEASE

Global Net Lease **38 Washington Square Newport, RI, US 02840**	**Invoice No.:** R070416-HO5019-20250501 **Invoice Date:** 05/01/2025 **Page:** 1 **Lease ID:** HO5019 **Suite ID:** 01 **Lease Exp.:** 09/30/2028 **Due Date:** 05/01/2025

Tenant Name: Lee Steel Holdings, LLC
Billing Address: 5875 Weller Court SW
Wyoming, MI, US 49509

Email: kBykowski@upgllc.com

Payments are due on the 1st day of the month.
Late fees can be assessed accordingly.

Item #	Bill Code	Description	Charges
0003043137	B31	Base Rent - Office - May 2025	$57,380.63
0003043138	E31	Base Rent - Esc-Office - May 2025	$4,139.17
0003043139	INS	Insurance Recoveries (CY) - May 2025	$495.03
0003043140	MNG	Management Fee - May 2025	$615.20

Please pay electronically online using ARC

Lee Steel - Wyoming, MI
5875 Weller Ct. SW
Wyoming MI, 49509

TOTAL: $62,630.03

EXHIBIT K

IN THE CIRCUIT COURT OF HAMILTON COUNTY, TENNESSEE
FOR THE ELEVENTH JUDICIAL DISTRICT AT CHATTANOOGA

ARG LSWYGMI001, LLC a Delaware limited liability company, Plaintiffs, vs. MAKSTEEL USA, LLC, a Delaware limited liability company as successor in interest of LEE STEEL HOLDINGS, LLC, a dissolved Delaware limited liability company; LS RE LLC, a cancelled Delaware limited liability company; UPG ENTERPRISES, LLC, f/k/a UNION PARTNERS I LLC, a Delaware limited liability company; CHRISTOPHER HUTTER, an individual; and PAUL DOUGLASS, an individual, Defendants.	CASE NO.:

SWORN ACCOUNT

SAMUEL KREISBERG, Vice President of Global Net Lease, Inc., the beneficial owner of Plaintiff ARG LSWYGMI001, LLC, being duly sworn, states that he has personal knowledge regarding the keeping of ARG LSWYGMI001's books and records, and that the balance of $273,816.67 is justly due and owing to Plaintiff by Defendant Maksteel USA, LLC.

Samuel Kreisberg
Vice President

SWORN TO AND SUBSCRIBED before me this 2 day of June 2025.

Notary Public

ESTRELLA CRUZ
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01CR6293524
Qualified in Bronx County
Commission Expires Dec 16, 2025

My Commission Expires:

Dec 2025

EXHIBIT L

EVAN K. FARBER
Partner

345 Park Avenue
New York, NY 10154

Direct 212.407.4018
Main 212.407.4000
Fax 646.619.4728
efarber@loeb.com

Via FedEx and Email

May 22, 2025

Christopher Hutter
Paul Douglass
Michael Molenda
UPG Enterprises LLC
1400 16th Street #250
Oak Brook, IL 60523

LEE STEEL HOLDINGS LLC
5875 Weller Ct. SW
Wyoming, MI 49509
Attention: Accounts Payable

Re: Notice of Acceleration Under Lease Dated September 14, 2015

Dear Messrs. Hutter, Douglass, and Molenda:

As you know, this firm represents ARG LSWYGMI001, LLC, as successor in interest to LS RE LLC ("Landlord"), in connection with (a) the Lease dated as of September 14, 2015 (the "Lease"), between Landlord and Lee Steel Holdings LLC ("Tenant"), and (b) the Guaranty of Lease dated September 14, 2015 (the "Guaranty"), executed in favor of Landlord by Berg Steel Holdings LLC ("Guarantor"), with respect to the property at 5875 Weller Court SW, Wyoming, Michigan 49509. Capitalized terms not defined herein bear the same definition as in the Lease. I write in follow-up to my letters dated February 18, 2025, March 27, 2025, and April 21, 2025, all of which were sent on behalf of Landlord to both Tenant and Guarantor.

Section 20.7 of the Lease, entitled "Chronic Defaults," provides that "if Tenant is in monetary Default more than two times within any 12 month period during the Term, then irrespective of whether or not such Default has been or is subsequently cured, Landlord, at its sole election, may . . . require Tenant to pay all Rent due under this Lease by automatic fund transfers from Tenant's bank account, in accordance with procedures designated by Landlord." As evidenced by my prior correspondence, Tenant is now in a state of "chronic default" as it has been in monetary Default each and every month since December 2024. Accordingly, Landlord hereby exercises its right under Section 20.7 to require Tenant to pay all Rent due under the Lease. Such payment includes all Rent due between now and the Expiration Date, all of which is hereby accelerated and thus presently due and owing. Landlord demands such payment immediately upon receipt of this letter, in accordance with the procedures Tenant has used to pay Rent previously.

Landlord's remedies as exercised herein are cumulative to and shall not supersede or otherwise abrogate Landlord's remedies which were previously exercised in my earlier correspondence or otherwise, or those remedies which remain available to Landlord and which Landlord has not yet exercised. As set forth in Section 20.3 of the Lease, Landlord's remedies "(1) shall be in addition to any and all other rights and remedies Landlord may have at Law or in equity; (2) shall be cumulative; and (3) may be pursued successively or concurrently as Landlord may elect. The

For the United States offices, a limited liability partnership including professional corporations. For Hong Kong office, a limited liability partnership.

exercise of any remedy by Landlord will not be deemed an election of remedies or preclude Landlord from exercising any other remedies in the future."

As previously advised, Landlord expressly reserves all rights and remedies available to it against Tenant pursuant to the Lease, including but not limited to Article 20 of the Lease; all rights and remedies available to it against both Tenant and Guarantor at law and in equity. Landlord further reserves the right to hold any of Tenant's parents, subsidiaries, or other affiliates fully responsible to the fullest extent permissible under the Lease, the Guaranty, at law and in equity.

Sincerely,

/s/ Evan K. Farber

Evan K. Farber
Partner

cc: Thomas Pontikis, Esq. (via email)

EXHIBIT D

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION

ARG LSCHIL001, LLC, ARG LSCHIL002, LLC, ARG LSCHIL003, LLC, all Delaware limited liability companies,

Plaintiffs,

vs.

LAMINATION SPECIALTIES LLC, a Delaware limited liability company, UPG ENTERPRISES, LLC, f/k/a UNION PARTNERS I LLC, a Delaware limited liability company, CHRISTOPHER HUTTER, an individual, and PAUL DOUGLASS, an individual,

Defendants.

CASE NO.: 2025 L 002308

Judge John J. Tully, Jr.

Room 2004, Calendar Y

ORDER

This matter coming before the Court on Defendants' Motion to Dismiss Portions of Plaintiffs Complaint and Plaintiffs' Motion to Compel, the Court being fully advised in the premises,

IT IS HEREBY ORDERED THAT:

1. Defendants' Motion as to Counts V, VIII, and XIII (Unjust Enrichment) is DENIED; 5271Δ
2. Defendants' Motion as to Counts XIV, XV, XVII, XVIII, XX, XXI (Account Stated & Account Stated / Alter Ego) is GRANTED. 4271Δ
3. By Agreement, Plaintiffs agree to withdraw Counts XVI, XIX, and XXII (Promissory Estoppel). 4284 P
4. Defendants Motion as to Counts XXIII, XXVI, and XXIX (Fraudulent Misrepresentation) is DENIED. 5271Δ
5. Defendants Motion as to Counts XXIV, XXV, XXVII, XXVIII, XXX, and XXXI (Fraudulent Transfer) is DENIED. 5271Δ

6. Plaintiffs are granted leave to amend their complaint regarding consistent with Judge John J. Tully, Jr.'s oral ruling, by or before August 14, 2025. 42927T

7. Defendants are to file their Responsive Pleading to Plaintiffs' Amended Complaint by or before September 4, 2025. 42345

8. Plaintiffs' Motion to Compel is entered and continued until September 18, 2025. The Parties shall schedule and conduct a further Rule 201(k) conference in advance of that date. 62157T 42517TA

9. The parties are to return for status on pleadings on September 18, 2025, at 9:00 A.M. Parties may appear either in person in Courtroom 2004 or via Zoom - Zoom ID: 999 8063 6139, Zoom Password: 645477, Zoom Conference Call #: (312) 626-6799. 63154706

ENTERED
Associate Judge John J. Tully, Jr.-2354
AUG 04 2025
MARIYANA T. SPYROPOULOS
CLERK OF THE CIRCUIT COURT
OF COOK COUNTY, IL

ENTERED: August 4, 2025

J Tully #2354

Judge John J. Tully, Jr. 2354

Order prepared by:

By: */s/ David J. Birmingham*
David J. Birmingham
Firm # 49614
LIPE LYONS MURPHY NAHRSTADT & PONTIKIS, LTD.
230 West Monroe Street, Suite 2260
Chicago, IL 60606
312-448-6230
djb@lipelyons.com

EXHIBIT E

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION

ARG UPDBNMI001, LLC, a Delaware limited liability company,

Plaintiff,

vs.

GENX LEASING PARTNERS, LLC f/k/a UP CENTRAL LEASING, LLC, a Delaware limited liability company; UPI MP LLC, a cancelled Delaware limited liability company; UP INVESTMENT HOLDINGS, LLC, a Delaware limited liability company; UPG ENTERPRISES, LLC f/k/a UNION PARTNERS I LLC, a Delaware limited liability company; CHRISTOPHER HUTTER, an individual; and PAUL DOUGLASS, an individual,

Defendants.

CASE NO.: 2025 L 006760

Judge John J. Tully, Jr.

Room 2004, Calendar Y

AGREED ORDER

4371

This matter coming before coming before the Court on a proposed agreed order submitted by all the parties hereto, due notice having been given and the Court being fully advised in the premises,

IT IS HEREBY ORDERED THAT:

1. The case management conference scheduled for August 20, 2025, is hereby STRICKEN; 4304
2. By or before August 8, 2025, Plaintiff is to advise Defendants whether Plaintiff will amend its Complaint. 4297 PD
3. If Plaintiff amends its Complaint, the Amended Complaint is due on or before August 14, 2025. 4292 P
4. If Plaintiff amends its Complaint, the Defendants shall file their Responsive Pleadings to Plaintiff's Amended Complaint by or before September 4, 2025. 4231 D

5. If Plaintiff advises Defendant that Plaintiff's Complaint will not be amended, Defendants' shall file their Responsive Pleading to Plaintiff's Complaint on or before August 22, 2025. 4231 A

6. The parties are to return for status of pleadings on September 18, 2025, at 9:00 A.M. Parties may appear either in person in Courtroom 2004 or via Zoom: Zoom ID: 999 8063 6139; Zoom Password: 645477; Zoom Conference Call#: 312-626-6799. 6315 4706

ENTERED: August 8, 2025

J Tully #2354

Judge John J. Tully, Jr. 2354

ENTERED
Associate Judge John J. Tully, Jr.-2354
AUG 08 2025
MARIYANA T. SPYROPOULOS
CLERK OF THE CIRCUIT COURT
OF COOK COUNTY, IL

Order prepared by:

By: */s/ David J. Birmingham*
David J. Birmingham
Firm # 49614
LIPE LYONS MURPHY NAHRSTADT & PONTIKIS, LTD.
230 West Monroe Street, Suite 2260
Chicago, IL 60606
312-448-6230
djb@lipelyons.com

EXHIBIT F

4

IN THE CIRCUIT COURT OF HAMILTON COUNTY, TENNESSEE
FOR THE ELEVENTH JUDICIAL DISTRICT AT CHATTANOOGA

FILED IN OFFICE
2026 FEB 20 PM 1:06
LARRY L. HENRY, CLERK
BY
DC

ARG LSWYGMI001, LLC a Delaware limited liability company,

Plaintiff,

vs.

MAKSTEEL USA, LLC, a Delaware limited liability company as successor in interest of LEE STEEL HOLDINGS, LLC, a dissolved Delaware limited liability company; LS RE LLC, a cancelled Delaware limited liability company; UPG ENTERPRISES, LLC, f/k/a UNION PARTNERS I LLC, a Delaware limited liability company; CHRISTOPHER HUTTER, an individual; and PAUL DOUGLASS, an individual,

Defendants.

CASE NO. 25C708

DIVISION III

AGREED ORDER ON DEFENDANTS MAKSTEEL USA AND LS RE LLC'S PARTIAL RULE 12 MOTION TO DISMISS

This matter came before the Court on December 4, 2025 for hearing on Defendants Maksteel USA And LS RE LLC's Partial Rule 12 Motion to Dismiss (the "Motion"). At the conclusion the hearing, the Court advised the parties it would further consider the parties' submissions and advise the parties of its ruling at a later date.

The Court addressed the Motion at the hearing held in this matter on January 9, 2026. The Court advised the parties that it needed additional briefing concerning the Motion but advised the parties they could consider their positions further and attempt to reach agreement on the issues presented.

The parties have conferred concerning the Motion and advised the Court that they have reached agreement on disposition of the Motion as described below. Therefore, by agreement of

Ct-Book/Page III-151/282

the parties and for good cause shown, the Court finds that the Motion shall be and hereby is DENIED. The Court further ORDERS that:

1. Plaintiff shall amend its Complaint to assert alternative claims under the Michigan Consumer Protection Act and Michigan's fraudulent transfer statutes. The Court shall, upon motion by any of the parties, rule on the conflicts of law issues raised by the Motion;

2. Plaintiff may also amend its Complaint to clarify or modify the allegations of the Complaint and assert additional claims; and

3. Defendants retain the right to renew the Motion and may move to dismiss any and all of Plaintiff's claims, including any additional claims asserted by Plaintiff in its Amended Complaint, after further discovery and investigation.

IT IS SO ORDERED.

Enter the 20th day of February, 2026.

HAMILTON COUNTY
CIRCUIT COURT JUDGE

ACKNOWLEDGED AND AGREED BY:

MILLER & MARTIN, PLLC

By: _____

Donald J. Aho (BPR No. 011975)
832 Georgia Avenue
Volunteer Building – Suite 1200
Chattanooga, TN 37402
don.aho@millermartin.com

Timothy Warnock, Esq. (BPR No. 012844)
Keane Barger, Esq. (BPR No. 033196)
Loeb & Loeb LLP
35 Music Square East
Nashville, TN 37203
615.749.8300
twarnock@loeb.com

Evan K. Farber, Esq.
(*admitted pro hac vice*)
Bethany D. Simmons, Esq.
(*admitted pro hac vice*)
Evan J. Seeder, Esq.
(*admitted pro hac vice*)
LOEB & LOEB LLP
345 Park Avenue
New York, NY 10154
212.407.4000
efarber@loeb.com
bsimmons@loeb.com

Attorneys for Plaintiff

SPICER RUDSTROM, PLLC

By: ROBERT J. UHORCHUK BY D.T.A W/TH PERMISSION

Robert J. Uhorchuk (BPR No. 017599)
537 Market Street – Suite 203
Chattanooga, TN 37402-1241
Telephone: (423) 756-0262
Facsimile: (423) 756-8489
Email: rju@spicerfirm.com

Attorney for Defendants
and

James H. Whalen
Lipe Lyons Murphy Nahrstadt & Pontikis Ltd.
230 West Monroe Street – Suite 2260
Chicago, IL 60606-4703
Telephone: (312) 448-6238
Facsimile: (312) 726-2273
Email: jhw@lipelyons.com
(*admitted pro hac vice*)

Walker J. McDonald
Lipe Lyons Murphy Nahrstadt & Pontikis Ltd.
230 West Monroe Street – Suite 2260
Chicago, IL 60606-4703
Telephone: (515) 371-4343
Facsimile: (312) 726-2273
Email: wjm@lipelyons.com
(pro hac vice application forthcoming)

David J. Birmingham
Lipe Lyons Murphy Nahrstadt & Pontikis Ltd.
230 West Monroe Street – Suite 2260
Chicago, IL 60606-4703
Telephone: (312) 448-6242
Email: djb@lipelyons.com
(*admitted pro hac vice*)

Thomas J. Pontikis
Lipe Lyons Murphy Nahrstadt & Pontikis Ltd.
230 West Monroe Street – Suite 2260
Chicago, IL 60606-4703
Telephone: (312) 448-6236
Email: tjp@lipelyons.com
(*admitted pro hac vice*)