
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-Q

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

FOR THE QUARTERLY PERIOD ENDED May 31, 2018

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

FOR THE TRANSITION PERIOD FROM TO

Commission File No. 1-12879

GRIFFIN INDUSTRIAL REALTY, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

06-0868496

(IRS Employer Identification Number)

641 Lexington Avenue, New York, New York

(Address of principal executive offices)

10022

(Zip Code)

Registrant's Telephone Number including Area Code **(212) 218-7910**

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Number of shares of Common Stock outstanding at June 29, 2018: 5,028,608

GRIFFIN INDUSTRIAL REALTY, INC.

FORM 10-Q

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GRIFFIN INDUSTRIAL REALTY, INC.
Consolidated Balance Sheets
(dollars in thousands, except per share data)
(unaudited)

	May 31, 2018	Nov. 30, 2017
ASSETS		
Real estate assets at cost, net	\$ 205,114	\$ 196,740
Cash and cash equivalents	28,778	30,068
Real estate assets held for sale	1,217	1,932
Deferred income taxes	1,313	1,904
Other assets	19,009	18,393
Total assets	\$ 255,431	\$ 249,037
LIABILITIES AND STOCKHOLDERS' EQUITY		
Mortgage loans, net of debt issuance costs	\$ 133,965	\$ 129,203
Deferred revenue	9,836	11,818
Accounts payable and accrued liabilities	8,596	4,991
Dividend payable	—	2,000
Other liabilities	7,534	7,972
Total liabilities	159,931	155,984
Commitments and Contingencies (Note 8)		
Stockholders' Equity		
Common stock, par value \$0.01 per share, 10,000,000 shares authorized, 5,577,852 and 5,541,029 shares issued, respectively, and 5,018,953 and 5,000,535 shares outstanding, respectively	56	55
Additional paid-in capital	110,156	108,770
Retained earnings	2,329	2,806
Accumulated other comprehensive income (loss), net of tax	1,974	(284)
Treasury stock, at cost, 558,899 and 540,494 shares, respectively	(19,015)	(18,294)
Total stockholders' equity	95,500	93,053
Total liabilities and stockholders' equity	\$ 255,431	\$ 249,037

See Notes to Consolidated Financial Statements.

GRIFFIN INDUSTRIAL REALTY, INC.
Consolidated Statements of Operations
(dollars in thousands, except per share data)
(unaudited)

	For the Three Months Ended		For the Six Months Ended	
	May 31, 2018	May 31, 2017	May 31, 2018	May 31, 2017
Rental revenue	\$ 8,193	\$ 7,332	\$ 16,373	\$ 14,311
Revenue from property sales	898	10,755	1,023	10,755
Total revenue	<u>9,091</u>	<u>18,087</u>	<u>17,396</u>	<u>25,066</u>
Operating expenses of rental properties	2,412	2,204	5,089	4,689
Depreciation and amortization expense	2,889	2,386	5,707	4,736
General and administrative expenses	1,836	2,166	3,973	4,396
Costs related to property sales	55	2,660	144	2,660
Total expenses	<u>7,192</u>	<u>9,416</u>	<u>14,913</u>	<u>16,481</u>
Operating income	1,899	8,671	2,483	8,585
Interest expense	(1,547)	(1,444)	(3,079)	(2,757)
Investment income	11	53	26	62
Income (loss) before income tax provision	363	7,280	(570)	5,890
Income tax provision	(32)	(2,553)	(822)	(2,102)
Net income (loss)	<u>\$ 331</u>	<u>\$ 4,727</u>	<u>\$ (1,392)</u>	<u>\$ 3,788</u>
Basic net income (loss) per common share	<u>\$ 0.07</u>	<u>\$ 0.95</u>	<u>\$ (0.28)</u>	<u>\$ 0.75</u>
Diluted net income (loss) per common share	<u>\$ 0.07</u>	<u>\$ 0.94</u>	<u>\$ (0.28)</u>	<u>\$ 0.75</u>

See Notes to Consolidated Financial Statements.

GRIFFIN INDUSTRIAL REALTY, INC.
Consolidated Statements of Comprehensive Income (Loss)
(dollars in thousands)
(unaudited)

	For the Three Months Ended		For the Six Months Ended	
	May 31, 2018	May 31, 2017	May 31, 2018	May 31, 2017
Net income (loss)	\$ 331	\$ 4,727	\$ (1,392)	\$ 3,788
Other comprehensive income (loss), net of tax:				
Reclassifications included in net income (loss)	146	218	338	427
Unrealized gain (loss) on cash flow hedges	7	(829)	1,956	(625)
Increase in fair value of Centaur Media plc	—	65	—	192
Total other comprehensive income (loss), net of tax	153	(546)	2,294	(6)
Total comprehensive income	\$ 484	\$ 4,181	\$ 902	\$ 3,782

See Notes to Consolidated Financial Statements.

GRIFFIN INDUSTRIAL REALTY, INC.
Consolidated Statements of Changes in Stockholders' Equity
For the Six Months Ended May 31, 2018 and 2017
(dollars in thousands)
(unaudited)

	Shares of Common Stock Issued	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at November 30, 2016	5,541,029	\$ 55	\$ 108,438	\$ 179	\$ (1,049)	\$ (16,820)	\$ 90,803
Stock-based compensation expense	—	—	170	—	—	—	170
Repurchase of common stock	—	—	—	—	—	(1,474)	(1,474)
Net income	—	—	—	3,788	—	—	3,788
Total other comprehensive loss, net of tax	—	—	—	—	(6)	—	(6)
Balance at May 31, 2017	5,541,029	\$ 55	\$ 108,608	\$ 3,967	\$ (1,055)	\$ (18,294)	\$ 93,281
Balance at November 30, 2017	5,541,029	\$ 55	\$ 108,770	\$ 2,806	\$ (284)	\$ (18,294)	\$ 93,053
Adoption of ASU 2016-09 - Cumulative effect of recognition of tax benefit from exercise of stock options	—	—	—	879	—	—	879
Adoption of ASU 2018-02 - Reclassification of taxes	—	—	—	36	(36)	—	—
Stock-based compensation expense	—	—	178	—	—	—	178
Exercise of stock options, including tax benefit of \$46 and shares tendered related to stock options exercised and tax withholdings	36,823	1	1,208	—	—	(721)	488
Net loss	—	—	—	(1,392)	—	—	(1,392)
Total other comprehensive income, net of tax	—	—	—	—	2,294	—	2,294
Balance at May 31, 2018	5,577,852	\$ 56	\$ 110,156	\$ 2,329	\$ 1,974	\$ (19,015)	\$ 95,500

See Notes to Consolidated Financial Statements.

GRIFFIN INDUSTRIAL REALTY, INC.
Consolidated Statements of Cash Flows
(dollars in thousands)
(unaudited)

	For the Six Months Ended	
	May 31, 2018	May 31, 2017
Operating activities:		
Net (loss) income	\$ (1,392)	\$ 3,788
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	5,707	4,736
Gain on sales of properties	(879)	(8,095)
Deferred income taxes	822	2,102
Stock-based compensation expense	178	170
Amortization of debt issuance costs	146	134
Other	112	—
Changes in assets and liabilities:		
Other assets	1,577	(991)
Accounts payable and accrued liabilities	(879)	(923)
Deferred revenue	(1,982)	720
Other liabilities	241	913
Net cash provided by operating activities	<u>3,651</u>	<u>2,554</u>
Investing activities:		
Additions to real estate assets	(8,085)	(5,322)
Proceeds from sales of properties, net of expenses	998	10,086
Proceeds from sales of properties deposited in escrow, net	(754)	(6,175)
Deferred leasing costs and other	(239)	(874)
Net cash used in investing activities	<u>(8,080)</u>	<u>(2,285)</u>
Financing activities:		
Proceeds from mortgage loans	18,781	12,000
Principal payments on mortgage loans	(13,572)	(1,604)
Dividends paid to stockholders	(2,000)	(1,514)
Payment of debt issuance costs	(558)	(222)
Proceeds from exercise of stock options	527	—
Repurchase of common stock	—	(1,474)
Other	(39)	—
Net cash provided by financing activities	<u>3,139</u>	<u>7,186</u>
Net (decrease) increase in cash and cash equivalents	(1,290)	7,455
Cash and cash equivalents at beginning of period	30,068	24,689
Cash and cash equivalents at end of period	<u>\$ 28,778</u>	<u>\$ 32,144</u>

See Notes to Consolidated Financial Statements.

GRIFFIN INDUSTRIAL REALTY, INC.
Notes to Consolidated Financial Statements
(dollars in thousands unless otherwise noted, except per share data)
(unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation

Griffin Industrial Realty, Inc. ("Griffin") is a real estate business principally engaged in developing, managing and leasing industrial/warehouse properties and, to a lesser extent, office/flex properties. Griffin seeks to add to its industrial/warehouse property portfolio through the acquisition and development of land or purchase of buildings in select markets targeted by Griffin. Periodically, Griffin may sell certain portions of its undeveloped land that it has owned for an extended time period and the use of which is not consistent with Griffin's core development and leasing strategy. These financial statements have been prepared in conformity with the standards of accounting measurement set forth by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 270, "Interim Reporting" and in accordance with the accounting policies stated in Griffin's audited consolidated financial statements for the fiscal year ended November 30, 2017 ("fiscal 2017") included in Griffin's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on February 8, 2018. These financial statements should be read in conjunction with the Notes to Consolidated Financial Statements appearing in that report. All adjustments, comprising only normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of results for the interim periods, have been reflected and all intercompany transactions have been eliminated. The consolidated balance sheet data as of November 30, 2017 was derived from Griffin's audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America ("U.S. GAAP").

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the reporting period. Griffin regularly evaluates estimates and assumptions related to the useful life and recoverability of long-lived assets, stock-based compensation expense, deferred income tax asset valuations and the valuation of derivative instruments. Griffin bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by Griffin may differ materially and adversely from Griffin's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

As of May 31, 2018, Griffin was a party to several interest rate swap agreements to hedge its interest rate exposure. Griffin does not use derivatives for speculative purposes. Griffin applies FASB ASC 815-10, "Derivatives and Hedging," ("ASC 815-10") as amended, which establishes accounting and reporting standards for derivative instruments and hedging activities. ASC 815-10 requires Griffin to recognize all derivatives as either assets or liabilities on its consolidated balance sheet and measure those instruments at fair value. The changes in the fair values of the interest rate swap agreements are measured in accordance with ASC 815-10 and reflected in the carrying values of the interest rate swap agreements on Griffin's consolidated balance sheet. The estimated fair values are based primarily on projected future swap rates.

Griffin applies cash flow hedge accounting to its interest rate swap agreements that are designated as hedges of the variability of future cash flows from floating rate liabilities based on the benchmark interest rates. Changes in the fair values of Griffin's interest rate swap agreements are recorded as components of accumulated other comprehensive income (loss) in stockholders' equity to the extent they are effective. Any ineffective portions of the changes in fair values of these instruments would be recorded as interest expense or interest income.

The results of operations for the three months ended May 31, 2018 (the "2018 second quarter") and the six months ended May 31, 2018 (the "2018 six month period") are not necessarily indicative of the results to be expected for the full year. The three months and six months ended May 31, 2017 are referred to herein as the "2017 second quarter" and "2017 six month period," respectively.

Recent Accounting Pronouncements Adopted

In February 2018, the FASB issued Accounting Standards Update (“ASU” or “Update”) No. 2018-02, “Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income,” which is intended to eliminate the stranded tax effects within Accumulated Other Comprehensive Income (“AOCI”) resulting from the Tax Cuts and Jobs Act (“TCJA”) that was enacted on December 22, 2017. The effective date of ASU 2018-02 is for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years with early adoption permitted for public entities for which financial statements have not yet been released. Griffin elected to early adopt and apply the provisions of ASU 2018-02 in the 2018 first quarter. This adoption resulted in a one-time reclassification of the effect of re-measuring Griffin’s net deferred tax assets related to interest rate swap agreements within AOCI and retained earnings resulting from the reduction in the U.S. federal statutory tax rate from 35% to 21%. The reclassification resulted in a decrease to AOCI and an increase to retained earnings of \$36 in the 2018 first quarter, with no net impact to total stockholders’ equity.

In May 2017, the FASB issued ASU No. 2017-09, “Compensation – Stock Compensation: Scope of Modification Accounting,” which clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. This Update requires modification only if the fair value, vesting conditions or the classification of the award changes as a result of the change in terms or conditions. This Update became effective for Griffin in the 2018 first quarter and was applied on a prospective basis. The adoption of ASU No. 2017-09 did not have an impact on Griffin’s consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, “Business Combinations (Topic 805) – Clarifying the Definition of a Business,” which provides a more robust framework to use in determining when a set of assets and activities is a business. This Update also provides greater consistency in applying the guidance by making the definition of a business more operable. This Update became effective for Griffin in the 2018 first quarter. The adoption of ASU 2017-01 did not have an impact on Griffin’s consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, “Compensation – Stock Compensation: Improvements to Employee Share-Based Payment Accounting,” which relates to the accounting for employee share-based payments. This Update addresses several aspects of the accounting for share-based payment award transactions, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. This Update became effective for Griffin in the 2018 first quarter. Griffin recorded a deferred tax asset of \$879 with a corresponding increase in retained earnings upon adoption. The adoption of ASU 2016-09 did not affect the classification of any current awards and did not have a retrospective impact on Griffin’s cash flows as no tax benefits from stock options were recognized in the periods presented. As part of the adoption of this Update, Griffin is continuing its policy of estimating the forfeiture rate of options.

Recent Accounting Pronouncements Not Yet Adopted

In August 2017, the FASB issued ASU No. 2017-12, “Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities,” which is intended to improve the financial reporting for hedging relationships to better represent the economic results of a company’s risk management activities in its financial statements and make certain targeted improvements to simplify the application of the hedge accounting guidance. This Update will make more financial and nonfinancial hedging strategies eligible for hedge accounting, amend the presentation and disclosure requirements and change how entities assess effectiveness. This Update will become effective for Griffin in fiscal 2020. Griffin does not expect an impact from the application of this Update on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases,” which establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than twelve months. The accounting applied by lessors under this Update is largely unchanged from that applied under current U.S. GAAP. Leases will be either classified as finance or operating, with classification affecting the pattern of expense recognition in the income statement. This Update also requires significant additional disclosures about the amount, timing and uncertainty of cash flows from leases. This Update will become effective for Griffin in fiscal 2020 using a modified restatement approach for leases in effect as of and after the date of adoption. Early adoption and practical expedients to measure the effect of adoption is allowed. Griffin is evaluating the impact that the application of this Update will have on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers.” This Update outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This Update is not applicable to revenue from leases. This Update supersedes most current revenue recognition guidance, including industry specific guidance, and requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. Additionally, the Update requires improved disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. The Update permits the use of either the retrospective or cumulative effect transition method. This Update will become effective for Griffin in fiscal 2019. Certain aspects of this new standard may affect revenue recognition by Griffin, however, Griffin does not anticipate a significant impact on its consolidated financial statements from the application of this Update because revenue from leases are not subject to this Update. Griffin is evaluating the impact that the application of this Update will have on its consolidated financial statements.

2. Fair Value

Griffin applies the provisions of FASB ASC 820, “Fair Value Measurement” (“ASC 820”), which establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. An asset’s or liability’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 establishes three levels of inputs that may be used to measure fair value, as follows:

Level 1 applies to assets or liabilities for which there are quoted market prices in active markets for identical assets or liabilities. Griffin’s available-for-sale securities were considered Level 1 within the fair value hierarchy prior to their sale in fiscal 2017 (see Note 7).

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, such as quoted prices for similar assets or liabilities in active markets; quoted prices for assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data. Level 2 assets and liabilities include Griffin’s interest rate swap agreements (see Note 4). These inputs are readily available in public markets or can be derived from information available in publicly quoted markets; therefore, Griffin has categorized these derivative instruments as Level 2 within the fair value hierarchy.

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

During the 2018 six month period, Griffin did not transfer any assets or liabilities into or out of Levels 1 or 2. The following are Griffin’s financial assets and liabilities carried at fair value and measured at fair value on a recurring basis:

	May 31, 2018		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swap assets	\$ —	\$ 2,800	\$ —
Interest rate swap liabilities	\$ —	\$ 171	\$ —
	November 30, 2017		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swap assets	\$ —	\$ 644	\$ —
Interest rate swap liabilities	\$ —	\$ 845	\$ —

The carrying and estimated fair values of Griffin's financial instruments are as follows:

	Fair Value Hierarchy Level	May 31, 2018		November 30, 2017	
		Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets:					
Cash and cash equivalents	1	\$ 28,778	\$ 28,778	\$ 30,068	\$ 30,068
Sale proceeds held in escrow	1	\$ 845	\$ 845	\$ 91	\$ 91
Interest rate swap assets	2	\$ 2,800	\$ 2,800	\$ 644	\$ 644
Financial liabilities:					
Mortgage loans, net of debt issuance costs	2	\$ 133,965	\$ 133,765	\$ 129,203	\$ 128,999
Interest rate swap liabilities	2	\$ 171	\$ 171	\$ 845	\$ 845

The amounts included in the consolidated financial statements for cash and cash equivalents, sale proceeds held in escrow, leasing receivables from tenants and accounts payable and accrued liabilities approximate their fair values because of the short-term maturity of these instruments. The fair values of the mortgage loans are estimated based on current rates offered to Griffin for similar debt of the same remaining maturities and, additionally, Griffin considers its credit worthiness in determining the fair value of its mortgage loans. The fair values of the interest rate swaps (used for purposes other than trading) are determined based on discounted cash flow models that incorporate the cash flows of the derivatives as well as the current Overnight Index Swap rate and swap curve along with other market data, taking into account current interest rates and the credit worthiness of the counterparty for assets and the credit worthiness of Griffin for liabilities.

3. Real Estate Assets

Real estate assets consist of:

	Estimated Useful Lives	May 31, 2018	Nov. 30, 2017
Land		\$ 20,679	\$ 20,403
Land improvements	10 to 30 years	31,635	30,833
Buildings and improvements	10 to 40 years	187,520	187,116
Tenant improvements	Shorter of useful life or terms of related lease	27,814	27,924
Machinery and equipment	3 to 20 years	10,958	10,958
Construction in progress		12,387	486
Development costs		14,226	14,132
		305,219	291,852
Accumulated depreciation		(100,105)	(95,112)
		<u>\$ 205,114</u>	<u>\$ 196,740</u>

Total depreciation expense and capitalized interest related to real estate assets were as follows:

	For the Three Months Ended		For the Six Months Ended	
	May 31, 2018	May 31, 2017	May 31, 2018	May 31, 2017
Depreciation expense	<u>\$ 2,457</u>	<u>\$ 2,112</u>	<u>\$ 4,859</u>	<u>\$ 4,207</u>
Capitalized interest	<u>\$ 94</u>	<u>\$ —</u>	<u>\$ 132</u>	<u>\$ —</u>

On April 26, 2018, Griffin closed on the sale of approximately 49 acres (the "Southwick Land Sale") of undeveloped land in Southwick, Massachusetts. Griffin received cash proceeds of \$850 before transaction costs and recorded a pretax gain of \$794 on the Southwick Land Sale. The net cash proceeds, after transaction costs, of \$847 from the Southwick Land Sale were deposited into escrow for a potential acquisition of a replacement property in a like-kind

exchange (“1031 Like-Kind Exchange”) under Section 1031 of the Internal Revenue Code of 1986, as amended, for income tax purposes.

On April 28, 2017, Griffin closed on the sale of approximately 67 acres (the “2017 Phoenix Crossing Land Sale”) of undeveloped land in Phoenix Crossing, the approximately 268 acre business park master planned by Griffin that straddles the town line between Windsor and Bloomfield, Connecticut. Griffin received cash proceeds of \$10,250 before transaction costs and recorded a pretax gain of \$7,975 on the 2017 Phoenix Crossing Land Sale. The net cash proceeds, after transaction costs, of \$9,711 from the 2017 Phoenix Crossing Land Sale were deposited into escrow and subsequently used for the acquisition of a replacement property in a 1031 Like-Kind Exchange.

Real estate assets held for sale consist of:

	May 31, 2018	Nov. 30, 2017
Land	\$ 210	\$ 504
Land improvements	—	354
Development costs	1,007	1,074
	<u>\$ 1,217</u>	<u>\$ 1,932</u>

Real estate assets held for sale were reduced in the 2018 six month period by \$105 related to property sales that closed and by \$610 related to a property sale that is no longer expected to take place.

4. Mortgage Loans

Griffin’s mortgage loans, which are nonrecourse, consist of:

	May 31, 2018	Nov. 30, 2017
Variable rate, due January 27, 2020 *	\$ 3,412	\$ 3,478
Variable rate, due October 3, 2022 *	4,321	4,367
Variable rate, due January 2, 2025 *	19,949	20,221
Variable rate, due May 1, 2026 *	13,665	13,844
Variable rate, due November 17, 2026 *	25,742	26,076
Variable rate, due August 1, 2027 *	10,404	10,523
3.97%, due September 1, 2027	12,008	12,115
Variable rate, due February 1, 2028 *	18,678	—
5.09%, due July 1, 2029	6,387	6,597
5.09%, due July 1, 2029	4,475	4,622
4.33%, due August 1, 2030	17,145	17,308
Variable rate, due March 1, 2027 *	—	11,826
Nonrecourse mortgage loans prior to debt issuance costs	136,186	130,977
Debt issuance costs, net	(2,221)	(1,774)
Nonrecourse mortgage loans, net of debt issuance costs	<u>\$ 133,965</u>	<u>\$ 129,203</u>

*Griffin entered into interest rate swap agreements to effectively fix the interest rates on these loans (see below).

As of May 31, 2018, Griffin was a party to several interest rate swap agreements related to its variable rate nonrecourse mortgage loans on certain of its real estate assets. Griffin accounts for its interest rate swap agreements as effective cash flow hedges (see Note 2). No ineffectiveness on the cash flow hedges was recognized as of May 31, 2018 and none is anticipated over the term of the agreements. Amounts in accumulated other comprehensive income (loss) will be reclassified into interest expense over the term of the swap agreements to achieve fixed interest rates on each variable rate mortgage. None of the interest rate swap agreements contain any credit risk related contingent features. In the 2018 six month period, Griffin recognized a gain, included in other comprehensive income, before taxes of \$2,942 on its interest rate swap agreements. In the 2017 six month period, Griffin recognized a loss, included in other comprehensive loss, before taxes of \$284 on its interest rate swap agreements. As of May 31, 2018, \$201 was expected to be reclassified over the next twelve months from accumulated other comprehensive income to interest expense. As of May 31, 2018, the net fair value of Griffin’s interest rate swap agreements was \$2,629, with \$2,800 included in other assets and \$171 included in other liabilities on Griffin’s consolidated balance sheet.

On March 29, 2018, a subsidiary of Griffin closed on a \$13,800 construction to permanent mortgage loan (the “State Farm Loan”) with State Farm Life Insurance Company (“State Farm”), which is expected to provide a significant portion of the financing for the construction of an approximately 234,000 square foot build-to-suit industrial/warehouse building (“220 Tradeport Drive”) in New England Tradeport (“NE Tradeport”), Griffin’s industrial park located in Windsor and East Granby, Connecticut. Griffin expects to spend a total of approximately \$17,100 related to the development of 220 Tradeport Drive, including all related site work, building construction, tenant improvements, leasing costs and financing costs. In the fourth quarter of fiscal 2017, Griffin entered into a long-term lease with one tenant for the entire building. The State Farm Loan will initially function as a construction loan, with Griffin drawing funds as construction of 220 Tradeport Drive progresses. Upon completion of 220 Tradeport Drive, expected in the second half of fiscal 2018, and the commencement of rent payments by the tenant (six months after lease commencement), the State Farm Loan will convert to a fifteen year nonrecourse permanent mortgage loan, which is expected to take place in fiscal 2019. The interest rate on the loan is 4.51%. During the construction period, only interest payments will be made. Monthly principal payments, which will begin after conversion to a nonrecourse permanent mortgage loan, will be based on a twenty-five year amortization schedule. The State Farm Loan may be increased up to \$14,288 if the tenant in 220 Tradeport Drive opts to have Griffin make certain additional improvements to 220 Tradeport Drive. The first drawdown under the State Farm Loan took place subsequent to May 31, 2018.

On March 15, 2017, a subsidiary of Griffin closed on a \$12,000 nonrecourse mortgage (the “2017 People’s Mortgage”) with People’s United Bank, N.A. (“People’s Bank”). On January 30, 2018, that subsidiary refinanced the 2017 People’s Mortgage with a new nonrecourse mortgage loan (the “2018 People’s Mortgage”) with People’s Bank. The 2017 People’s Mortgage had a balance of \$11,781 at the time of refinancing. The 2018 People’s Mortgage is collateralized by the same two NE Tradeport industrial/warehouse buildings, aggregating approximately 275,000 square feet, that collateralized the 2017 People’s Mortgage. In addition, 330 Stone Road, an approximately 137,000 square foot industrial/warehouse building in NE Tradeport that was completed and placed in service near the end of fiscal 2017, was added to the collateral for the 2018 People’s Mortgage. At the closing of the 2018 People’s Mortgage, Griffin received additional mortgage proceeds of \$7,000 (before transaction costs), net of the \$11,781 used to refinance the 2017 People’s Mortgage. The 2018 People’s Mortgage has a ten year term with monthly principal payments based on a twenty-five year amortization schedule. The interest rate for the 2018 People’s Mortgage is a floating rate of the one month LIBOR rate plus 1.95%. At the time the 2018 People’s Mortgage closed, Griffin entered into an interest rate swap agreement with People’s Bank that, combined with an interest rate swap agreement with People’s Bank entered into at the time the 2017 People’s Mortgage closed, effectively fixes the interest rate of the 2018 People’s Mortgage at 4.57% over the mortgage loan’s ten year term. Under the terms of the 2018 People’s Mortgage, Griffin entered into a master lease for 759 Rainbow Road (“759 Rainbow”), one of buildings that collateralize the 2018 People’s Mortgage. The master lease would only become effective if the full building tenant in 759 Rainbow does not renew its lease when it is scheduled to expire in fiscal 2019. The master lease would be in effect until either the space is re-leased to a new tenant or the maturity date of the 2018 People’s Mortgage.

5. Revolving Credit Agreement

Griffin has a \$15,000 revolving credit line (the “Webster Credit Line”) with Webster Bank, N.A. (“Webster Bank”) that was scheduled to expire on July 31, 2018. In the 2018 second quarter, Griffin exercised its option to extend the Webster Credit Line for one year, and on June 18, 2018, Griffin and Webster Bank completed the Second Mortgage Modification Agreement that extended the maturity of the Webster Credit Line to July 31, 2019. Interest on borrowings under the Webster Credit Line remains at the one month LIBOR rate plus 2.75%. The Webster Credit Line is collateralized by Griffin’s properties in Griffin Center South in Bloomfield, Connecticut, aggregating approximately 235,000 square feet, and an approximately 48,000 square foot single-story office building in Griffin Center in Windsor, Connecticut. There have been no borrowings under the Webster Credit Line since its inception in fiscal 2013. As of May 31, 2018, the Webster Credit Line secured certain unused standby letters of credit aggregating \$1,068 that are related to Griffin’s development activities.

6. Stockholders' Equity

Per Share Results

Basic and diluted per share results were based on the following:

	For the Three Months Ended		For the Six Months Ended	
	May 31, 2018	May 31, 2017	May 31, 2018	May 31, 2017
Net income (loss)	\$ 331	\$ 4,727	\$ (1,392)	\$ 3,788
Weighted average shares outstanding for computation of basic per share results	5,006,000	5,001,000	5,003,000	5,020,000
Incremental shares from assumed exercise of Griffin stock options (a)	57,000	22,000	—	23,000
Adjusted weighted average shares for computation of diluted per share results	5,063,000	5,023,000	5,003,000	5,043,000

- (a) Incremental shares from the assumed exercise of Griffin stock options are not included in periods where the inclusion of such shares would be anti-dilutive. The incremental shares from the assumed exercise of stock options for the 2018 six month period would have been 53,000.

Universal Shelf Filing/At-the-Market Equity Offering Program

On April 11, 2018, Griffin filed a universal shelf registration statement on Form S-3 (the “Universal Shelf”) with the SEC. Under the Universal Shelf, Griffin may offer and sell up to \$50,000 of a variety of securities including common stock, preferred stock, warrants, depositary shares, debt securities, units or any combination of such securities during the three year period that commenced upon the Universal Shelf becoming effective on April 25, 2018. Under the Universal Shelf, Griffin may periodically offer one or more types of securities in amounts, at prices and on terms announced, if and when the securities are ever offered. On May 10, 2018, Griffin filed a prospectus supplement with the SEC under which it may issue and sell, from time to time, up to an aggregate of \$30,000 of its common stock (“Common Stock”) under an “at-the-market” equity offering program (the “ATM Program”) through Robert W. Baird & Co. Incorporated (“Baird”), as sales agent. Under a sales agreement with Baird, Griffin will set the parameters for the sales of its Common Stock under the ATM Program, including the number of shares to be issued, the time period during which sales are requested to be made, limitations on the number of shares that may be sold in any one trading day and any minimum price below which sales of shares may not be made. Sales of Common Stock, if any, under the ATM Program would be made in offerings as defined in Rule 415 of the Securities Act of 1933, as amended. In addition, with the prior consent of Griffin, Baird may also sell shares in privately negotiated transactions. Griffin expects to use net proceeds, if any, from the ATM Program over time for acquisitions of target properties consistent with Griffin’s investment strategies, repayment of debt and general corporate purposes. If Griffin obtains additional capital by issuing equity, the interests of its existing stockholders will be diluted. If Griffin incurs additional indebtedness, that indebtedness may impose financial and other covenants that may significantly restrict Griffin’s operations. Griffin currently does not expect to issue Common Stock under the ATM Program or issue other securities under the Universal Shelf in the near term.

Griffin Stock Option Plan

Stock options are granted by Griffin under the Griffin Industrial Realty, Inc. 2009 Stock Option Plan (the “2009 Stock Option Plan”). Options granted under the 2009 Stock Option Plan may be either incentive stock options or non-qualified stock options issued at an exercise price not less than fair market value on the date approved by Griffin’s Compensation Committee. Vesting of all of Griffin’s stock options is solely based upon service requirements and does not contain market or performance conditions.

Stock options issued expire ten years from the grant date. In accordance with the 2009 Stock Option Plan, stock options issued to non-employee directors upon their initial election to the board of directors are fully exercisable immediately upon the date of the option grant. Stock options issued to non-employee directors upon their re-election to the board of directors vest on the second anniversary from the date of grant. Stock options issued to employees vest in

equal installments on the third, fourth and fifth anniversaries from the date of grant. None of the stock options outstanding at May 31, 2018 may be exercised as stock appreciation rights.

The following options were granted by Griffin under the 2009 Stock Option Plan to Griffin directors and employees:

	For the Six Months Ended			
	May 31, 2018		May 31, 2017	
	Number of Shares	Fair Value per Option at Grant Date	Number of Shares	Fair Value per Option at Grant Date
Non-employee directors	5,195	\$ 14.41	6,570	\$ 13.49
Employees	-	\$ -	5,000	\$ 11.13
	<u>5,195</u>		<u>11,570</u>	

The fair values of all options granted were estimated as of the grant date using the Black-Scholes option-pricing model. Assumptions used in determining the fair value of the stock options granted were as follows:

	For the Six Months Ended	
	May 31, 2018	May 31, 2017
Expected volatility	30.5 %	32.7 to 39.6 %
Risk free interest rates	3.0 %	2.1 to 2.2 %
Expected option term (in years)	8.5	7.5 to 8.5
Annual dividend yield	1.1 %	0.8 to 0.9 %

Number of option holders at May 31, 2018	<u>29</u>
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Compensation expense and related tax benefits for stock options were as follows:

	For the Three Months Ended		For the Six Months Ended	
	May 31, 2018	May 31, 2017	May 31, 2018	May 31, 2017
Compensation expense	<u>\$ 88</u>	<u>\$ 88</u>	<u>\$ 178</u>	<u>\$ 170</u>
Related tax benefit	<u>\$ 13</u>	<u>\$ 20</u>	<u>\$ 26</u>	<u>\$ 40</u>

For all periods presented, the forfeiture rate for directors was 0%, the forfeiture rate for executives was 17.9% and the forfeiture rate for employees was 38.3%. The rates utilized were based on the historical activity of the grantees.

As of May 31, 2018, the unrecognized compensation expense related to nonvested stock options that will be recognized during future periods is as follows:

Balance of Fiscal 2018	\$ 181
Fiscal 2019	\$ 270
Fiscal 2020	\$ 128
Fiscal 2021	\$ 34

A summary of the activity under the 2009 Griffin Stock Option Plan is as follows:

	For the Six Months Ended			
	May 31, 2018		May 31, 2017	
	Number of Shares	Weighted Avg. Exercise Price	Number of Shares	Weighted Avg. Exercise Price
Outstanding at beginning of period	333,762	\$ 29.22	324,546	\$ 29.23
Granted	5,195	\$ 38.48	11,570	\$ 30.59
Exercised	(36,823)	\$ 32.81	—	\$ —
Forfeited	(20,279)	\$ 33.78	(2,104)	\$ 38.00
Outstanding at end of period	281,855	\$ 28.60	334,012	\$ 29.22

Range of Exercise Prices for Vested and Nonvested Options	Outstanding at May 31, 2018	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contractual Life (in years)	Total Intrinsic Value
\$23.00 - \$28.00	123,793	\$ 26.67	7.4	\$ 1,817
\$28.00 - \$32.00	124,248	\$ 29.08	3.6	1,524
\$32.00 - \$39.00	33,814	\$ 33.91	2.3	251
	281,855	\$ 28.60	5.1	\$ 3,592

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss), net of tax, is comprised of the following:

	For the Six Months Ended May 31, 2018		
	Unrealized gain on cash flow hedges	Unrealized gain on investment in Centaur Media	Total
Balance November 30, 2017	\$ (284)	\$ —	\$ (284)
Other comprehensive income before reclassifications	1,956	—	1,956
Amounts reclassified	338	—	338
Adoption of ASU 2018-02 - reclassification to retained earnings	(36)	—	(36)
Net activity for other comprehensive income	2,258	—	2,258
Balance May 31, 2018	\$ 1,974	\$ —	\$ 1,974

	For the Six Months Ended May 31, 2017		
	Unrealized loss on cash flow hedges	Unrealized gain on investment in Centaur Media	Total
Balance November 30, 2016	\$ (1,062)	\$ 13	\$ (1,049)
Other comprehensive loss before reclassifications	(625)	192	(433)
Amounts reclassified	427	—	427
Net activity for other comprehensive loss	(198)	192	(6)
Balance May 31, 2017	\$ (1,260)	\$ 205	\$ (1,055)

The components of other comprehensive income are as follows:

	For the Three Months Ended					
	May 31, 2018			May 31, 2017		
	Pre-Tax	Tax (Expense) Benefit	Net-of Tax	Pre-Tax	Tax (Expense) Benefit	Net-of Tax
Reclassification included in net income:						
Loss on cash flow hedges (interest expense)	\$ 187	\$ (41)	\$ 146	\$ 342	\$ (124)	\$ 218
Increase (decrease) in fair value adjustments on Griffin's cash flow hedges	9	(2)	7	(1,297)	468	(829)
Mark to market adjustment on Centaur Media for an increase in the foreign currency exchange rate	—	—	—	48	(16)	32
Mark to market adjustment on Centaur Media for an increase in fair value	—	—	—	52	(19)	33
Total change in other comprehensive income (loss)	9	(2)	7	(1,197)	433	(764)
Other comprehensive income (loss)	\$ 196	\$ (43)	\$ 153	\$ (855)	\$ 309	\$ (546)

	For the Six Months Ended					
	May 31, 2018			May 31, 2017		
	Pre-Tax	Tax (Expense) Benefit	Net-of Tax	Pre-Tax	Tax (Expense) Benefit	Net-of Tax
Reclassification included in net (loss) income:						
Loss on cash flow hedges (interest expense)	\$ 431	\$ (93)	\$ 338	\$ 681	\$ (254)	\$ 427
Increase (decrease) in fair value adjustments on Griffin's cash flow hedges	2,511	(555)	1,956	(965)	340	(625)
Mark to market adjustment on Centaur Media for an increase in the foreign currency exchange rate	—	—	—	36	(12)	24
Mark to market adjustment on Centaur Media for an increase in fair value	—	—	—	259	(91)	168
Total change in other comprehensive income (loss)	2,511	(555)	1,956	(670)	237	(433)
Other comprehensive income (loss)	\$ 2,942	\$ (648)	\$ 2,294	\$ 11	\$ (17)	\$ (6)

Stock Repurchases

In fiscal 2016, Griffin's Board of Directors authorized a stock repurchase program whereby Griffin could repurchase up to \$5,000 of its outstanding Common Stock over a twelve month period in privately negotiated transactions. The stock repurchase program expired on May 10, 2017. In fiscal 2017, prior to its expiration, Griffin repurchased 47,173 shares of its outstanding Common Stock for \$1,474. Under this repurchase program, Griffin repurchased a total of 152,173 shares of its Common Stock for \$4,828.

See Supplemental Cash Flow Information in Note 9 for information on Common Stock received in connection with the exercise of stock options.

Cash Dividend

Griffin did not declare a cash dividend in the 2018 or 2017 six month periods. During the 2018 first quarter, Griffin paid \$2,000 for the cash dividend declared in the 2017 fourth quarter. During the 2017 first quarter, Griffin paid \$1,514 for the cash dividend declared in the 2016 fourth quarter.

7. Supplemental Financial Statement Information

Available-for-Sale Securities

In the fiscal 2017 third quarter, Griffin sold its remaining 1,952,462 shares in Centaur Media plc (“Centaur Media”). Griffin's investment in the common stock of Centaur Media was accounted for as an available-for-sale security under ASC 320, “Investments – Debt and Equity Securities.” Accordingly, changes in the fair value of Centaur Media, reflecting both changes in the stock price and changes in the foreign currency exchange rate, were included, net of income taxes, in accumulated other comprehensive income (loss) (see Note 6).

Other Assets

Griffin's other assets are comprised of the following:

	May 31, 2018	Nov. 30, 2017
Deferred rent receivable	\$ 5,440	\$ 5,351
Deferred leasing costs	4,531	5,113
Interest rate swap assets	2,800	644
Intangible assets, net	1,547	1,695
Deposits	931	713
Sale proceeds held in escrow	845	91
Prepaid expenses	770	2,774
Mortgage escrows	731	448
Leasing receivables from tenants	675	1,097
Furniture, fixtures and equipment, net	282	251
Registration statement costs	267	—
Deferred financing costs related to the Webster Credit Line	12	47
Other	178	169
Total other assets	<u>\$ 19,009</u>	<u>\$ 18,393</u>

Accounts Payable and Accrued Liabilities

Griffin's accounts payable and accrued liabilities are comprised of the following:

	May 31, 2018	Nov. 30, 2017
Accrued construction costs and retainage	\$ 6,432	\$ 1,894
Accrued interest payable	506	482
Accrued salaries, wages and other compensation	358	1,154
Accrued lease commissions	339	393
Trade payables	211	432
Other	750	636
Total accounts payable and accrued liabilities	<u>\$ 8,596</u>	<u>\$ 4,991</u>

Other Liabilities

Griffin's other liabilities are comprised of the following:

	May 31, 2018	Nov. 30, 2017
Deferred compensation plan	\$ 5,149	\$ 5,005
Prepaid rent from tenants	1,136	1,041
Security deposits of tenants	572	583
Land sale deposits	260	195
Interest rate swap liabilities	171	845
Conditional asset retirement obligations	171	204
Other	75	99
Total other liabilities	<u>\$ 7,534</u>	<u>\$ 7,972</u>

Supplemental Cash Flow Information

In the 2018 six month period, Griffin received 18,405 shares of its Common Stock in connection with the exercise of stock options as consideration for the exercise price and for reimbursement of income tax withholdings related to those stock option exercises. The shares received were recorded as treasury stock, which resulted in an increase in treasury stock of \$721, and did not affect Griffin's cash.

Prior to Griffin's sale of its remaining shares of Centaur Media common stock in the fiscal 2017 third quarter, an increase of \$295 in the 2017 six month period reflected the mark to market adjustments of this investment and did not affect Griffin's cash.

In the 2017 six month period, Griffin received \$3,535 of cash, after transaction costs, from the fiscal 2016 sale of approximately 29 acres of undeveloped land in Griffin Center (the "Griffin Center Land Sale"). The proceeds from the Griffin Center Land Sale were deposited into escrow at the time the sale closed for a potential purchase of a replacement property under a 1031 Like-Kind Exchange. As a replacement property was not acquired in the time period required under the applicable tax code, the sale proceeds were released from escrow and returned to Griffin.

Accounts payable and accrued liabilities related to additions to real estate assets increased by \$4,584 in the 2018 six month period and decreased by \$443 in the 2017 six month period.

Interest payments were as follows:

For the Three Months Ended		For the Six Months Ended	
May 31, 2018	May 31, 2017	May 31, 2018	May 31, 2017
\$ 1,496	\$ 1,320	\$ 2,929	\$ 2,552

Income Taxes

On December 22, 2017, TCJA was enacted and became effective for Griffin on January 1, 2018. The TCJA reduces the U.S. federal corporate statutory income tax rate from 35% to 21%, which results in a blended fiscal 2018 federal statutory rate for Griffin of approximately 22%. The impact of the lower statutory rate resulted in a net charge of \$1,001 for the re-measurement of Griffin's deferred tax assets and liabilities that is included in Griffin's 2018 six month period income tax provision. Partially offsetting the net charge for the re-measurement of Griffin's deferred tax assets and liabilities in the 2018 six month period is an income tax benefit of \$133 based on the 2018 six month period pretax loss and an income tax benefit of \$46 for the exercise of stock options. The 2017 six month period income tax provision of \$2,102 principally related to Griffin's 2017 six month period pretax income.

Griffin's federal income tax returns for fiscal 2012 to fiscal 2016 are open to examination by the Internal Revenue Service ("IRS"). An IRS examination of the fiscal 2015 federal tax return was started in the 2018 first quarter. The remaining periods subject to examination for Griffin's significant state return, which is Connecticut, are fiscal 2008 through fiscal 2016.

8. Commitments and Contingencies

As of May 31, 2018, Griffin had committed purchase obligations of approximately \$10,397, principally related to the construction of 220 Tradeport Drive and the construction of an approximately 134,000 square foot industrial/warehouse building ("6975 Ambassador Drive") in the Lehigh Valley of Pennsylvania, as well as improvements at other Griffin properties.

On January 11, 2018, Griffin entered into an agreement to purchase an approximately 14 acre parcel of undeveloped land in the Lehigh Valley of Pennsylvania (the "Lehigh Valley Land"). Subsequently, the agreement was amended to reduce the purchase price from \$3,600 in cash to \$3,100 in cash and extend the due diligence period. If the transaction closes, Griffin plans to construct an approximately 156,000 square foot industrial/warehouse building on the Lehigh Valley Land. The closing of this purchase, anticipated to take place in fiscal 2019, is subject to several conditions, including the satisfactory outcome of due diligence and obtaining all governmental approvals for Griffin's

development plans for the Lehigh Valley Land. There is no guarantee that this transaction will be completed under its current terms, or at all.

On October 4, 2017, Griffin entered into an agreement to purchase an approximately 22 acre parcel of undeveloped land in Concord, North Carolina (the “Concord Land”) for \$2,600 in cash. If the transaction closes, Griffin plans to construct two industrial/warehouse buildings aggregating approximately 283,000 square feet on the Concord Land, which is located near Griffin’s existing industrial/warehouse building in Concord, North Carolina. Closing of this purchase, anticipated to take place in the fiscal 2018 third quarter, is subject to obtaining all governmental approvals for Griffin’s development plans for the Concord Land. There is no guarantee that this transaction will be completed under its current terms, or at all.

On January 25, 2016, Griffin entered into an Option Purchase Agreement (the “Simsbury Option Agreement”) whereby Griffin granted the buyer an exclusive option to purchase approximately 280 acres of undeveloped land in Simsbury, Connecticut for approximately \$7,700. The buyer may extend the option period for up to three years upon payment of additional option fees. Through May 31, 2018, the buyer paid \$260 of option fees to extend its option period through January 2019. In the 2018 first quarter, the buyer received approval from Connecticut’s regulatory authority for the buyer’s planned use of the land, which is to generate solar electricity. Subsequently, two appeals of the Connecticut regulatory authority’s approval for the land to be used to generate solar electricity were filed and the Attorney General of Massachusetts, the state where substantially all of the electricity generated will be used, has contested the purchase agreements for the electricity to be generated on the land subject to purchase. A closing on the land sale contemplated by the Simsbury Option Agreement is subject to several significant contingencies, including satisfactory outcomes of the appeals of the Connecticut regulatory authority’s approval and a satisfactory resolution of the Massachusetts Attorney General’s challenge to the purchase agreements for the electricity to be generated from the land subject to purchase. There is no guarantee that the sale of land as contemplated under the Simsbury Option Agreement will be completed under its current terms, or at all.

Subsequent to May 31, 2018, Griffin entered into an agreement for the purchase of approximately 36 acres of undeveloped land in Mecklenburg County, North Carolina (the “Mecklenburg Land”) for approximately \$4,700 in cash. If the transaction closes, Griffin plans to construct an industrial/warehouse development on the Mecklenburg Land, which is in the greater Charlotte area. The amount of industrial/warehouse space to be developed on the Mecklenburg Land will be based upon findings during due diligence. Closing on the purchase of the Mecklenburg Land is subject to several conditions, including rezoning the Mecklenburg Land for industrial/warehouse development, satisfactory outcome of due diligence and obtaining all governmental approvals for Griffin’s development plans. Satisfaction of the conditions required before closing is expected to be an extended process, with a closing on the purchase of the Mecklenburg Land not anticipated to take place until fiscal 2019. There is no guarantee that this transaction will be completed under its current terms, or at all.

From time to time, Griffin is involved, as a defendant, in various litigation matters arising in the ordinary course of business. In the opinion of management, based on the advice of legal counsel, the ultimate liability, if any, with respect to these matters is not expected to be material, individually or in the aggregate, to Griffin’s consolidated financial position, results of operations or cash flows.

9. Subsequent Events

In accordance with FASB ASC 855, “Subsequent Events,” Griffin has evaluated all events or transactions occurring after May 31, 2018, the balance sheet date, and noted that there have been no such events or transactions that would require recognition or disclosure in the consolidated financial statements as of and for the quarter ended May 31, 2018, other than the disclosures herein.

See Note 5 for subsequent event disclosure on the extension of the Webster Credit Line and Note 8 for subsequent event disclosure of an agreement to purchase undeveloped land in Mecklenburg County, North Carolina

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

Overview

Griffin Industrial Realty, Inc. (“Griffin”) is a real estate business principally engaged in developing, managing and leasing industrial/warehouse properties, and to a lesser extent, office/flex properties. Griffin seeks to add to its industrial/warehouse property portfolio through the acquisition and development of land or purchase of buildings in select markets targeted by Griffin. Periodically, Griffin may sell certain portions of its undeveloped land that it has owned for an extended time period and the use of which is not consistent with Griffin’s core development and leasing strategy. The significant accounting policies and methods used in the preparation of Griffin’s unaudited consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q are consistent with those used in the preparation of Griffin’s audited consolidated financial statements for its fiscal year ended November 30, 2017 (“fiscal 2017”) included in Griffin’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 8, 2018.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the reporting period. Griffin regularly evaluates estimates and assumptions related to the useful life and recoverability of long-lived assets, stock-based compensation expense, deferred income tax asset valuations and the valuation of derivative instruments. Griffin bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by Griffin may differ materially and adversely from Griffin’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected. The significant accounting estimates used by Griffin in the preparation of its financial statements for the three months and six months ended May 31, 2018 are consistent with those used by Griffin to prepare its consolidated financial statements for fiscal 2017.

Summary

For the three months ended May 31, 2018 (the “2018 second quarter”), Griffin had net income of approximately \$0.3 million as compared to net income of approximately \$4.7 million for the three months ended May 31, 2017 (the “2017 second quarter”). The lower net income in the 2018 second quarter, as compared to the 2017 second quarter, principally reflected a decrease of approximately \$6.8 million in operating income in the 2018 second quarter, as compared to the 2017 second quarter, partially offset by a decrease of approximately \$2.5 million in the 2018 second quarter income tax provision, as compared to the 2017 second quarter income tax provision. The lower income tax provision in the 2018 second quarter, as compared to the 2017 second quarter, principally reflected the lower pretax income in the 2018 second quarter as compared to the 2017 second quarter.

The lower operating income in the 2018 second quarter, as compared to the 2017 second quarter, reflected an approximately \$7.3 million decrease in gain from property sales and an approximately \$0.5 million increase in depreciation and amortization expense, partially offset by an approximately \$0.7 million increase in profit from leasing activities¹ (which Griffin defines as rental revenue less operating expenses of rental properties) and an approximately \$0.3 million decrease in general and administrative expenses. The lower gain from property sales in the 2018 second quarter, as compared to the 2017 second quarter, principally reflected the 2017 second quarter including a gain of approximately \$8.0 million on the sale of approximately 67 acres of undeveloped land in Phoenix Crossing (the “2017 Phoenix Crossing Land Sale”), an approximately 268 acre business park master planned by Griffin that straddles the town line between Windsor and Bloomfield, Connecticut. Property sales occur periodically and year to year changes in revenue and gain from property sales may not be indicative of any trends in Griffin’s real estate business. The higher depreciation and amortization expense in the 2018 second quarter, as compared to the 2017 second quarter, principally

¹ Profit from leasing activities is not a financial measure in conformity with U.S. GAAP. It is presented because Griffin believes it is a useful financial indicator for measuring results of its real estate leasing activities. However, it should not be considered as an alternative to operating income as a measure of operating results in accordance with U.S. GAAP.

reflected depreciation and amortization expense related to an industrial/warehouse building acquired and an industrial/warehouse building completed subsequent to the 2017 second quarter. The increase in profit from leasing activities in the 2018 second quarter, as compared to the 2017 second quarter, principally reflected more space under lease in the 2018 second quarter. The decrease in general and administrative expenses in the 2018 second quarter, as compared to the 2017 second quarter, principally reflected the 2017 second quarter including the write-off of costs related to a land purchase that was not completed.

For the six months ended May 31, 2018 (the “2018 six month period”), Griffin incurred a net loss of approximately \$1.4 million as compared to net income of approximately \$3.8 million for the six months ended May 31, 2017 (the “2017 six month period”). The net loss in the 2018 six month period, as compared to net income in the 2017 six month period, principally reflected a decrease of approximately \$6.1 million in operating income and an increase of approximately \$0.3 million in interest expense in the 2018 six month period, as compared to the 2017 six month period, partially offset by a decrease of approximately \$1.3 million in the 2018 six month period income tax provision, as compared to the 2017 six month period income tax provision.

The lower operating income in the 2018 six month period, as compared to the 2017 six month period, reflected: (a) an approximately \$7.2 million decrease in gain from property sales; and (b) an approximately \$1.0 million increase in depreciation and amortization expense in the 2018 six month period as compared to the 2017 six month period; partially offset by (c) an approximately \$1.7 million increase in profit from leasing activities; and (d) an approximately \$0.4 million decrease in general and administrative expenses in the 2018 six month period as compared to the 2017 six month period. The decrease in gain from property sales reflected the 2017 six month period including the gain from the 2017 Phoenix Crossing Land Sale. The higher depreciation and amortization expense in the 2018 six month period, as compared to the 2017 six month period, principally reflected depreciation and amortization expense related to 215 International Drive (“215 International”), an approximately 277,000 square foot industrial/warehouse building in the Charlotte, North Carolina area that was acquired in the fiscal 2017 third quarter and 330 Stone Road (“330 Stone”), an approximately 137,000 square foot industrial/warehouse building in New England Tradeport (“NE Tradeport”), Griffin’s industrial park located in Windsor and East Granby, Connecticut, which was placed in service just prior to the end of fiscal 2017. The increase in profit from leasing activities in the 2018 six month period, as compared to the 2017 six month period, principally reflected higher rental revenue in the 2018 six month period as a result of more space under lease in the 2018 six month period than the 2017 six month period. The decrease in general and administrative expenses in the 2018 six month period, as compared to the 2017 six month period, principally reflected the 2017 six month period including the write-off of costs related to a land purchase that was not completed and lower expenses in the 2018 six month period related to Griffin’s non-qualified deferred compensation plan. The higher interest expense in the 2018 six month period, as compared to the 2017 six month period, principally reflected an increase in mortgage loans in the 2018 six month period as compared to the 2017 six month period.

In the 2018 six month period, Griffin started construction of two industrial/warehouse buildings. One of the new buildings (“6975 Ambassador”) is approximately 134,000 square feet, and is being built, on speculation, in the Lehigh Valley of Pennsylvania on land purchased in fiscal 2017. The other industrial/warehouse building under construction is an approximately 234,000 square foot build-to-suit building (“220 Tradeport Drive”) in NE Tradeport (see Liquidity and Capital Resources section below).

The 2018 six month period income tax provision includes approximately \$1.0 million related to the re-measurement of Griffin’s deferred tax assets and liabilities as a result of the reduction in the U.S. federal corporate statutory tax rate from 35% to 21% under the Tax Cuts and Jobs Act (“TCJA”) that was enacted on December 22, 2017 and became effective for Griffin in the 2018 first quarter. As Griffin had net deferred tax assets at the time the TCJA became effective for Griffin, the re-measurement of deferred tax assets and liabilities resulted in the approximately \$1.0 million charge included in Griffin’s income tax provision for the 2018 six month period. Partially offsetting the charge for the re-measurement of deferred tax assets and liabilities in the 2018 six month period was an income tax benefit of approximately \$0.1 million related to the 2018 six month period pretax loss of approximately \$0.6 million.

Results of Operations

2018 Second Quarter Compared to 2017 Second Quarter

Total revenue decreased from approximately \$18.1 million in the 2017 second quarter to approximately \$9.1 million in the 2018 second quarter, reflecting a decrease of approximately \$9.9 million in revenue from property sales partially offset by an increase of approximately \$0.9 million in rental revenue.

Rental revenue increased to approximately \$8.2 million in the 2018 second quarter from approximately \$7.3 million in the 2017 second quarter. The approximately \$0.9 million increase in rental revenue in the 2018 second quarter over the 2017 second quarter was principally due to: (a) an increase of approximately \$0.4 million from new leases that started either near the end of, or subsequent to, the 2017 second quarter; (b) approximately \$0.4 million of rental revenue from 215 International; (c) approximately \$0.2 million of rental revenue from 330 Stone, which was 54% leased when placed in service just prior to the end of fiscal 2017; and (d) approximately \$0.1 million for all other increases; partially offset by a decrease of approximately \$0.2 million from leases that expired subsequent to the 2017 second quarter.

A summary of the total square footage and leased square footage of the buildings in Griffin's real estate portfolio is as follows:

	Total Square Footage	Square Footage Leased	Percentage Leased
As of May 31, 2017	3,297,000	3,158,000	96%
As of November 30, 2017	3,710,000	3,515,000	95%
As of May 31, 2018	3,710,000	3,478,000	94%

The increase in total square footage of approximately 413,000 square feet from May 31, 2017 to November 30, 2017 was due to the acquisition of 215 International in the fiscal 2017 third quarter and the completion of construction and placing into service of 330 Stone near the end of fiscal 2017. The approximately 37,000 square foot net decrease in space leased as of May 31, 2018, as compared to November 30, 2017, reflects a lease amendment (the "Lease Amendment") whereby a tenant that filed for protection under Chapter 11 of the U.S. Bankruptcy Code and was leasing an approximately 100,000 square foot industrial/warehouse building in NE Tradeport reduced its space under lease by approximately 48,000 square feet effective at the end of the 2018 second quarter. The rental rates and lease expiration date of March 31, 2024 under the existing lease remain the same for the space that was retained. The reduction in space leased as a result of the Lease Amendment was partially offset by leasing approximately 11,000 square feet of previously vacant office/flex space in Griffin Center South in Bloomfield, Connecticut. Subsequent to the end of the 2018 second quarter, the full building tenant in an approximately 228,000 square foot Lehigh Valley industrial building extended its lease, scheduled to expire on September 30, 2018, for three additional years at a rental rate 12% higher than the current rental rate.

As of May 31, 2018, Griffin's approximately 3,277,000 square feet of industrial/warehouse space, which comprised approximately 88% of Griffin's total square footage, was 96% leased, with the only significant vacancies being approximately 63,000 square feet in 330 Stone and the approximately 48,000 square feet that became vacant at the end of the 2018 second quarter as a result of the Lease Amendment in NE Tradeport. Griffin's industrial/warehouse buildings in the Lehigh Valley of Pennsylvania and the Charlotte, North Carolina area were fully leased as of May 31, 2018. Griffin's office/flex buildings, aggregating approximately 433,000 square feet (12% of Griffin's total square footage) and located entirely in the Hartford, Connecticut area, were approximately 74% leased as of May 31, 2018.

All of Griffin's Connecticut properties are in the north submarket of Hartford. The industrial/warehouse real estate market in the north submarket of Hartford had been strong in fiscal 2017 into the 2018 first quarter, but appeared to soften somewhat in the 2018 second quarter. The Lehigh Valley and Charlotte, North Carolina industrial/warehouse real estate markets remained strong through the 2018 second quarter. The real estate market for office/flex space in the north submarket of Hartford remained weak in the 2018 second quarter.

Revenue from property sales of approximately \$0.9 million in the 2018 second quarter reflected approximately \$0.8 million from the sale of approximately 49 acres of undeveloped land in Southwick, Massachusetts (the "Southwick Land Sale") and the recognition of approximately \$0.1 million of revenue as a result of a buyer's forfeiture of a deposit

on a potential land sale. Revenue from property sales in the 2017 second quarter reflected approximately \$10.3 million from the 2017 Phoenix Crossing Land Sale, approximately \$0.4 million from a smaller sale of undeveloped land in Phoenix Crossing and recognition of the remaining approximately \$0.1 million of revenue from the sale of approximately 90 acres of undeveloped land in Phoenix Crossing (the “2013 Phoenix Crossing Land Sale”) that closed in the fiscal year ended November 30, 2013 (“fiscal 2013”). The costs related to the 2017 Phoenix Crossing Land Sale and the smaller sale of undeveloped land in Phoenix Crossing were approximately \$2.3 million and approximately \$0.3 million, respectively, resulting in gains of approximately \$8.0 million and \$0.1 million, respectively. The 2013 Phoenix Crossing Land Sale was accounted for under the percentage of completion method whereby revenue was recognized as costs related to the 2013 Phoenix Crossing Land Sale (initial land costs and required offsite improvements) were incurred. In the 2017 second quarter, Griffin completed the required offsite improvements under the terms of the 2013 Phoenix Crossing Land Sale and recognized the remaining approximately \$0.1 million of revenue that had been deferred pending completion of the required offsite improvements. Property sales occur periodically and year to year changes in revenue from property sales may not be indicative of any trends in Griffin’s real estate business.

Operating expenses of rental properties increased to approximately \$2.4 million in the 2018 second quarter from approximately \$2.2 million in the 2017 second quarter. The approximately \$0.2 million increase in operating expenses of rental properties principally reflected approximately \$0.1 million of expenses at 330 Stone (placed in service in the fiscal 2017 fourth quarter) and 215 International (acquired in the fiscal 2017 third quarter), and approximately \$0.1 million across all other properties. Depreciation and amortization expense increased to approximately \$2.9 million in the 2018 second quarter from approximately \$2.4 million in the 2017 second quarter. The approximately \$0.5 million increase in depreciation and amortization expense in the 2018 second quarter, as compared to the 2017 second quarter, reflected approximately \$0.2 million related to 215 International, approximately \$0.1 million related to 330 Stone and approximately \$0.2 million across all other properties.

Griffin’s general and administrative expenses decreased to approximately \$1.8 million in the 2018 second quarter from approximately \$2.2 million in the 2017 second quarter. The approximately \$0.3 million decrease in general and administrative expenses in the 2018 second quarter, as compared to the 2017 second quarter, principally reflected the inclusion in the 2017 second quarter of an approximately \$0.3 million write-off of costs incurred for a potential purchase of a 31 acre parcel of undeveloped land in the Lehigh Valley that was not completed and a decrease of approximately \$0.1 million of expense related to Griffin’s non-qualified deferred compensation plan, partially offset by an approximately \$0.1 million increase in all other general and administrative expenses. The decrease in expense related to the non-qualified deferred compensation plan reflected the effect of lower stock market performance on participant balances in the 2018 second quarter, as compared to the 2017 second quarter, which resulted in a smaller increase in the non-qualified deferred compensation plan liability in the 2018 second quarter, as compared to the 2017 second quarter.

Griffin’s interest expense increased to approximately \$1.5 million in the 2018 second quarter from approximately \$1.4 million in the 2017 second quarter. The approximately \$0.1 million increase in interest expense in the 2018 second quarter, as compared to the 2017 second quarter, principally reflected interest on two nonrecourse mortgage loans outstanding in the 2018 second quarter that were entered into subsequent to the end of the 2017 second quarter.

Griffin’s income tax provision decreased to less than \$0.1 million in the 2018 second quarter from approximately \$2.6 million in the 2017 second quarter. The decrease of approximately \$2.5 million in the income tax provision in the 2018 second quarter, as compared to the 2017 second quarter, reflected approximately \$2.4 million from lower pretax income in the 2018 six month period and approximately \$0.1 million from the reduction of the U.S. federal corporate statutory tax rate from 35% to 21% under the TCJA.

2018 Six Month Period Compared to 2017 Six Month Period

Total revenue decreased from approximately \$25.1 million in the 2017 six month period to approximately \$17.4 million in the 2018 six month period, reflecting a decrease of approximately \$9.7 million in revenue from property sales partially offset by an increase of approximately \$2.1 million in rental revenue. Revenue from property sales decreased from approximately \$10.7 million in the 2017 six month period to approximately \$1.0 million in the 2018 six month period. In addition to the approximately \$0.8 million from the Southwick Land Sale, revenue from property sales in the 2018 six month period also included approximately \$0.1 million from the sale of a residential lot at Stratton Farms, Griffin’s residential subdivision in Suffield, Connecticut, and approximately \$0.1 million from the buyer’s forfeiture of a deposit on a potential land sale. Revenue from property sales in the 2017 six month period was the same

as the 2017 second quarter (see “2018 Second Quarter Compared to 2017 Second Quarter” above). Property sales occur periodically and year to year changes in revenue from property sales may not be indicative of any trends in Griffin’s real estate business.

Rental revenue increased to approximately \$16.4 million in the 2018 six month period from approximately \$14.3 million in the 2017 six month period. The approximately \$2.1 million increase in rental revenue in the 2018 six month period over the 2017 six month period was principally due to: (a) approximately \$0.8 million of rental revenue from 215 International; (b) approximately \$0.4 million of rental revenue from 330 Stone; and (c) approximately \$1.3 million from other new leases that started either during, or subsequent to, the 2017 six month period; partially offset by a decrease of approximately \$0.4 million from leases that expired subsequent to the 2017 second quarter.

Operating expenses of rental properties increased to approximately \$5.1 million in the 2018 six month period from approximately \$4.7 million in the 2017 six month period. The approximately \$0.4 million increase in operating expenses of rental properties in the 2018 six month period, as compared to the 2017 six month period, principally reflected approximately \$0.2 million of expenses at 330 Stone (placed in service in the fiscal 2017 fourth quarter) and approximately \$0.1 million of expenses at 215 International (acquired in the fiscal 2017 third quarter), and approximately \$0.1 million across all other properties.

Depreciation and amortization expense increased to approximately \$5.7 million in the 2018 six month period from approximately \$4.7 million in the 2017 six month period. The approximately \$1.0 million increase in depreciation and amortization expense in the 2018 six month period, as compared to the 2017 six month period, reflected depreciation and amortization expense of approximately \$0.5 million related to 215 International, approximately \$0.2 million related to 330 Stone and approximately \$0.3 million across all other properties.

Griffin’s general and administrative expenses decreased to approximately \$4.0 million in the 2018 six month period from approximately \$4.4 million in the 2017 six month period. The approximately \$0.4 million decrease in general and administrative expenses in the 2018 six month period, as compared to the 2017 six month period, principally reflected approximately \$0.3 million of lower expenses related to Griffin’s non-qualified deferred compensation plan and the inclusion in the 2017 six month period of an approximately \$0.3 million write-off of costs incurred for a potential purchase of a 31 acre parcel of undeveloped land in the Lehigh Valley that was not completed, partially offset by an increase of approximately \$0.2 million in all other general and administrative expenses. The lower expense related to Griffin’s non-qualified deferred compensation plan in the 2018 six month period, as compared to the 2017 six month period, reflected a smaller increase in the non-qualified deferred compensation plan liability in the 2018 six month period, as compared to the 2017 six month period, as a result of the effect of lower stock market performance on participant balances in the 2018 six month period as compared to the 2017 six month period.

Griffin’s interest expense increased to approximately \$3.1 million in the 2018 six month period from approximately \$2.8 million in the 2017 six month period. The approximately \$0.3 million increase in interest expense in the 2018 six month period, as compared to the 2017 six month period, principally reflected interest expense of approximately \$0.4 million on two nonrecourse mortgage loans outstanding in the 2018 six month period that were entered into subsequent to the end of the 2017 six month period, partially offset by an approximately \$0.1 million increase in interest capitalized in the 2018 six month period.

Griffin’s income tax provision was approximately \$0.8 million in the 2018 six month period as compared to approximately \$2.1 million in the 2017 six month period. The income tax provision in the 2018 six month period included approximately \$1.0 million for the re-measurement of Griffin’s deferred tax assets and liabilities as a result of the reduction in the U.S. federal corporate statutory tax rate from 35% to 21% under the TCJA. As Griffin had net deferred tax assets when the TCJA became effective for Griffin, the re-measurement of deferred tax assets and liabilities resulted in the charge that is included in the 2018 six month period income tax provision. Partially offsetting the charge for the re-measurement of deferred tax assets and liabilities was an income tax benefit of approximately \$0.2 million on the pretax loss of approximately \$0.6 million in the 2018 six month period, reflecting an effective income tax benefit rate of 31.4% for the 2018 six month period. The higher effective income tax benefit rate on the pretax loss in the 2018 six month period, as compared to the U.S. federal corporate statutory rate of 21%, principally reflected the effect of tax benefits related to the exercise of stock options in the 2018 six month period. The effective income tax benefit rate on the 2018 six month pretax results is based on management’s projection of operating results for the fiscal 2018 full year. To the extent that actual results differ from current projections, the effective income tax rate may change.

Off Balance Sheet Arrangements

Griffin does not have any material off balance sheet arrangements.

Liquidity and Capital Resources

Net cash provided by operating activities was approximately \$3.7 million in the 2018 six month period as compared to approximately \$2.6 million in the 2017 six month period. The approximately \$1.1 million increase in net cash provided by operating activities in the 2018 six month period, as compared to the 2017 six month period, principally reflected an increase in cash of approximately \$1.9 million from results of operations as adjusted for gains on property sales and noncash expenses, partially offset by a net decrease in cash of approximately \$0.8 million from changes in assets and liabilities in the 2018 six month period, as compared to the 2017 six month period. The increase in cash provided by results of operations as adjusted for gains on property sales and noncash expenses principally reflected the approximately \$1.7 million increase in profit from leasing activities¹ (which Griffin defines as rental revenue less operating expenses of rental properties) in the 2018 six month period, as compared to the 2017 six month period.

Net cash used in investing activities was approximately \$8.1 million in the 2018 six month period, as compared to approximately \$2.3 million in the 2017 six month period. The net cash used in investing activities in the 2018 six month period reflected: (a) cash payments of approximately \$8.1 million for additions to real estate assets; and (b) cash payments of approximately \$0.2 million for deferred leasing costs and other uses; partially offset by (c) cash proceeds of approximately \$1.0 million from property sales less a net decrease of approximately \$0.8 million of proceeds from property sales deposited into escrow.

The approximately \$8.1 million of cash payments for additions to real estate assets in the 2018 six month period reflected the following:

New building construction (including site work)	\$ 5.6 million
Tenant and building improvements related to leasing	\$ 2.1 million
Development costs and infrastructure improvements	\$ 0.2 million
Other	\$ 0.2 million

Cash payments for new building construction (including site work) in the 2018 six month period included approximately \$3.2 million for construction of 220 Tradeport Drive, which is being built in connection with a long-term lease (see below), approximately \$2.3 million for construction of 6975 Ambassador and approximately \$0.1 million for the final payments for the construction of 330 Stone. Griffin spent a total of approximately \$7.6 million for site work and construction of the building shell for 330 Stone. Including the \$3.2 million spent in the 2018 six month period, Griffin expects to spend a total of approximately \$15.6 million for site work and construction of 220 Tradeport Drive (excluding leasing and financing costs). Including the \$2.3 million spent in the 2018 six month period, Griffin expects to spend a total of approximately \$7.8 million for site work and construction of the building shell of 6975 Ambassador. Griffin expects to complete construction of both 220 Tradeport Drive and 6975 Ambassador in the fiscal 2018 third quarter. Cash payments in the 2018 six month period for tenant and building improvements related to new leases signed in the latter part of fiscal 2017, including an approximately 74,000 square foot lease at 330 Stone that started just prior to the end of fiscal 2017.

The approximately \$1.0 million of cash proceeds from property sales in the 2018 six month period reflected approximately \$0.8 million from the Southwick Land Sale, approximately \$0.1 million from the sale of a Stratton Farms lot and approximately \$0.1 million from a buyer's forfeiture of a deposit on a potential land sale. The proceeds from property sales deposited into escrow of approximately \$0.7 million reflects the approximately \$0.8 million of proceeds from the Southwick Land Sale that was deposited into escrow at closing for a potential purchase of a replacement property in a like-kind exchange (a "1031 Like-Kind Exchange") under Section 1031 of the Internal Revenue Code of 1986, as amended, partially offset by approximately \$0.1 million of cash proceeds from property sales returned from escrow from a land sale in fiscal 2017. The approximately \$1.9 million of cash proceeds from that fiscal 2017 land sale

¹ Profit from leasing activities is not a financial measure in conformity with U.S. GAAP. It is presented because Griffin believes it is a useful financial indicator for measuring results of its real estate leasing activities. However, it should not be considered as an alternative to operating income as a measure of operating results in accordance with U.S. GAAP.

were deposited into escrow at closing for the purchase of a replacement property under a 1031 Like-Kind Exchange. Subsequently, in fiscal 2017, approximately \$1.8 million of the land sale proceeds were used to purchase the Lehigh Valley land site for 6975 Ambassador (see above) to complete the 1031 Like-Kind Exchange, with the remaining approximately \$0.1 million of proceeds returned to Griffin in the 2018 six month period.

Cash payments of approximately \$0.2 million for deferred leasing costs and other uses reflected approximately \$0.1 million for lease commissions and other costs related to new and renewed leases and approximately \$0.1 million for purchases of equipment.

The net cash of approximately \$2.3 million used in investing activities in the 2017 six month period reflected: (a) approximately \$6.2 million of net proceeds from property sales deposited into escrow; (b) cash payments of approximately \$5.3 million for additions to real estate assets; and (c) cash payments of approximately \$0.9 million for deferred leasing costs and other uses, partially offset by net proceeds of approximately \$10.1 million from property sales. The approximately \$6.2 million of net proceeds from property sales deposited into escrow reflected the cash proceeds of approximately \$9.7 million from the 2017 Phoenix Crossing Land Sale deposited into escrow for the purchase of a replacement property under a 1031 Like-Kind Exchange, partially offset by approximately \$3.5 million of cash from a land sale in fiscal 2016 that was initially deposited into escrow at closing for a potential 1031 Like-Kind Exchange, but subsequently returned to Griffin in the 2017 six month period because a replacement property was not acquired.

Cash payments of approximately \$5.3 million for additions to real estate assets in the 2017 six month period were principally for tenant and building improvements related to new leases signed in the latter part of fiscal 2016 and the 2017 six month period. Cash payments of approximately \$0.9 million in the 2017 six month period for deferred leasing costs and other uses principally reflected approximately \$0.8 million for lease commissions and other costs related to new and renewed leases and approximately \$0.1 million for purchases of equipment.

Net cash provided by financing activities was approximately \$3.1 million in the 2018 six month period, as compared to approximately \$7.2 million in the 2017 six month period. The net cash provided by financing activities in the 2018 six month period reflected proceeds of approximately \$18.8 million from a mortgage loan refinancing (see below) and approximately \$0.5 million from the exercise of stock options; partially offset by: (a) approximately \$13.6 million of principal payments on mortgage loans; (b) a payment of approximately \$2.0 million for a dividend on Griffin's common stock ("Common Stock") that was declared in the fiscal 2017 fourth quarter and paid in the 2018 six month period; and (c) approximately \$0.5 million for payments of debt issuance costs. The principal payments on mortgage loans reflected a payment of approximately \$11.8 million in connection with the mortgage loan refinancing and approximately \$1.8 million of recurring principal payments.

On March 15, 2017, a subsidiary of Griffin closed on a \$12.0 million nonrecourse mortgage (the "2017 People's Mortgage") with People's United Bank, N.A. ("People's Bank"). On January 30, 2018, that subsidiary refinanced the 2017 People's Mortgage with a new nonrecourse mortgage loan (the "2018 People's Mortgage") with People's Bank. The 2017 People's Mortgage had a balance of approximately \$11.8 million at the time of refinancing. The 2018 People's Mortgage is collateralized by the same two NE Tradeport industrial/warehouse buildings (aggregating approximately 275,000 square feet) that collateralized the 2017 People's Mortgage, and 330 Stone Road, the industrial/warehouse building in NE Tradeport that was completed and placed in service near the end of fiscal 2017. At the closing of the 2018 People's Mortgage, Griffin received additional proceeds of \$7.0 million (before transaction costs), net of the approximately \$11.8 million used to refinance the 2017 People's Mortgage. The 2018 People's Mortgage has a ten year term with monthly principal payments based on a twenty-five year amortization schedule. The interest rate for the 2018 People's Mortgage is a floating rate of the one month LIBOR rate plus 1.95%. At the time the 2018 People's Mortgage closed, Griffin entered into an interest rate swap agreement with People's Bank that, combined with an interest rate swap agreement with People's Bank entered into at the time the 2017 People's Mortgage closed, effectively fixes the interest rate of the 2018 People's Mortgage at 4.57% over the mortgage loan's ten year term. Under the terms of the 2018 People's Mortgage, Griffin entered into a master lease for 759 Rainbow Road ("759 Rainbow"), one of the buildings that collateralize the 2018 People's Mortgage. The master lease would only become effective if the full building tenant in 759 Rainbow does not renew its lease when it is scheduled to expire in fiscal 2019. The master

lease would be in effect until either the space is re-leased to a new tenant or the maturity date of the 2018 People's Mortgage.

On March 29, 2018, a subsidiary of Griffin closed on a \$13.8 million construction to permanent mortgage loan (the "State Farm Loan") with State Farm Life Insurance Company ("State Farm"), which is expected to provide a significant portion of the financing for the construction of 220 Tradeport Drive. In the fiscal 2017 fourth quarter, Griffin entered into a long-term lease with one tenant for the entire building. The State Farm Loan will initially function as a construction loan, with Griffin drawing funds as construction of 220 Tradeport Drive progresses. Upon completion of 220 Tradeport Drive and the commencement of rent payments by the tenant (see below), the State Farm Loan will convert to a fifteen year nonrecourse permanent mortgage loan, which is expected to take place in fiscal 2019. The interest rate on the State Farm Loan is 4.51%. During the construction period, only interest payments will be made. Monthly principal payments, which will begin after conversion to a nonrecourse permanent mortgage loan, will be based on a twenty-five year amortization schedule. The State Farm Loan may be increased up to approximately \$14.3 million if the tenant in 220 Tradeport Drive opts to have certain additional improvements made to 220 Tradeport Drive. The first drawdown under the State Farm Loan took place subsequent to May 31, 2018.

In the fiscal 2017 fourth quarter, Griffin entered into a full building lease (the "220 Tradeport Lease") for 220 Tradeport Drive with an investment grade company that intends to use 220 Tradeport Drive for the distribution of automotive parts. The 220 Tradeport Lease, which commences upon completion of construction of 220 Tradeport Drive, has a term of twelve years and six months with the tenant having several five year renewal options. Provided the tenant meets certain conditions, the tenant has an option (the "Expansion Option") to cause Griffin to construct an approximately 54,000 square foot addition to 220 Tradeport Drive. If the tenant exercises the Expansion Option, the term of the 220 Tradeport Lease would be extended for at least ten years upon the tenant occupying the additional space. Griffin commenced building construction at 220 Tradeport Drive in fiscal 2018, with completion expected in the fiscal 2018 third quarter. Griffin expects to spend approximately \$17.1 million related to the development of 220 Tradeport Drive, including all related site work, building construction, tenant improvements, leasing expenses and financing costs.

The net cash provided by financing activities in the 2017 six month period reflected proceeds of \$12.0 million from the 2017 People's Mortgage, partially offset by: (a) approximately \$1.6 million of recurring principal payments on mortgage loans; (b) a payment of approximately \$1.5 million for a dividend on Griffin's Common Stock that was declared in the fiscal 2016 fourth quarter and paid in the 2017 six month period; (c) approximately \$1.5 million paid for the repurchase of Common Stock (see below); and (d) approximately \$0.2 million of payments for debt issuance costs.

In fiscal 2016, Griffin's Board of Directors authorized a stock repurchase program whereby Griffin could repurchase up to \$5.0 million of its outstanding Common Stock over a twelve month period in privately negotiated transactions. The stock repurchase program did not obligate Griffin to repurchase any specific amount of stock. The stock repurchase program expired on May 10, 2017. In the 2017 six month period, Griffin repurchased 47,173 shares of its outstanding Common Stock for approximately \$1.5 million. Under the stock repurchase program, Griffin repurchased a total of 152,173 shares of its outstanding Common Stock for approximately \$4.8 million.

On April 11, 2018, Griffin filed a universal shelf registration statement on Form S-3 (the "Universal Shelf") with the SEC. Under the Universal Shelf, Griffin may offer and sell up to \$50 million of a variety of securities including Common Stock, preferred stock, warrants, depositary shares, debt securities, units or any combination of such securities during the three year period that commenced upon the Universal Shelf becoming effective on April 25, 2018. Under the Universal Shelf, Griffin may periodically offer one or more types of securities in amounts, at prices and on terms announced, if and when the securities are ever offered. On May 10, 2018, Griffin filed a prospectus supplement with the SEC under which it may issue and sell, from time to time, up to an aggregate of \$30 million of its Common Stock under an "at-the-market" equity offering program (the "ATM Program") through Robert W. Baird & Co. Incorporated ("Baird"), as sales agent. Under a Sales Agreement with Baird, Griffin will set the parameters for the sales of its Common Stock under the ATM Program, including the number of shares to be issued, the time period during which sales are requested to be made, limitations on the number of shares that may be sold in any one trading day and any minimum price below which sales of shares may not be made. Sales of Common Stock, if any, under the ATM Program would be made in offerings as defined in Rule 415 of the Securities Act of 1933, as amended. In addition, with the prior consent of Griffin, Baird may also sell shares in privately negotiated transactions. Griffin expects to use the net proceeds, if any, from the ATM Program over time for acquisitions of target properties consistent with Griffin's investment strategies, repayment of debt and general corporate purposes. If Griffin obtains additional capital by issuing equity, the

interests of its existing stockholders will be diluted. If Griffin incurs additional indebtedness, that indebtedness may impose financial and other covenants that may significantly restrict Griffin's operations.

With its significant cash balance and availability under its \$15 million revolving line of credit, Griffin does not expect to issue Common Stock under the ATM Program or issue other securities under Universal Shelf in the near term. Griffin cannot give assurance that it could issue Common Stock under the ATM Program or obtain additional capital under the Universal Shelf on favorable terms, or at all. See "Risk Factors—Risks Related to the Real Estate Industry—Volatility in the capital and credit markets could materially adversely impact Griffin" and "Risk Factors—Risks Related to Griffin's Common Stock—Issuances of Griffin's common stock or the perception that such issuances might occur could adversely affect the per share trading price of Griffin's common stock" included in Part I, Item 1A of Griffin's Annual Report on Form 10-K filed with the SEC for the fiscal year ended November 30, 2017.

Griffin's payments (including principal and interest) under contractual obligations as of May 31, 2018 are as follows:

	<u>Total</u>	<u>Due Within One Year</u>	<u>Due In 1 - 3 Years (in millions)</u>	<u>Due In 3 - 5 Years</u>	<u>Due in More Than 5 Years</u>
Mortgage Loans	\$ 180.4	\$ 9.7	\$ 22.0	\$ 22.3	\$ 126.4
Revolving Line of Credit	—	—	—	—	—
Operating Lease Obligations	1.1	0.1	0.3	0.2	0.5
Purchase Obligations (1)	10.4	10.4	—	—	—
Other (2)	5.1	—	—	—	5.1
	<u>\$ 197.0</u>	<u>\$ 20.2</u>	<u>\$ 22.3</u>	<u>\$ 22.5</u>	<u>\$ 132.0</u>

- (1) Includes obligations related to the development of Griffin's real estate assets, principally the construction of 6975 Ambassador and 220 Tradeport Drive.
- (2) Reflects the liability for Griffin's non-qualified deferred compensation plan. The timing on the payment of participant balances in the non-qualified deferred compensation plan is not determinable.

On January 25, 2016, Griffin entered into an Option Purchase Agreement (the "Simsbury Option Agreement") whereby Griffin granted the buyer an exclusive option to purchase approximately 280 acres of undeveloped land in Simsbury, Connecticut for approximately \$7.7 million. Through May 31, 2018, the buyer has paid approximately \$0.3 million of option fees to extend its option period through January 2019. In the 2018 six month period, the buyer received approval from Connecticut's regulatory authority for the buyer's planned use of the land, which is to generate solar electricity. Subsequently, two appeals of the Connecticut regulatory authority's approval for the land to be used to generate solar electricity were filed and the Attorney General of Massachusetts, the state where substantially all of the electricity generated will be used, has contested the purchase agreements for the electricity to be generated from the land subject to purchase. A closing on the land sale contemplated by the Simsbury Option Agreement is subject to several significant contingencies, including satisfactory outcomes of the appeals of the Connecticut regulatory authority's approval and a satisfactory resolution of the Massachusetts Attorney General's challenge to the purchase agreements for the electricity to be generated on the land subject to purchase. There is no guarantee that the sale of land as contemplated under the Simsbury Option Agreement will be completed under its current terms, or at all.

On May 5, 2017, Griffin entered into an Option Purchase Agreement (the "EGW Option Agreement") whereby Griffin granted the buyer an exclusive option to purchase approximately 288 acres of undeveloped land in East Granby and Windsor, Connecticut for approximately \$7.8 million. The buyer intended to use the land to generate solar electricity. The buyer's option expired on May 5, 2018 and was not extended, thus terminating the EGW Option Agreement. Accordingly, the buyer forfeited the option fees (approximately \$50,000) paid through that date, which is included in revenue from property sales in the statement of operations for the 2018 second quarter and 2018 six month period.

On October 4, 2017, Griffin entered into an agreement to purchase an approximately 22 acre parcel of undeveloped land in Concord, North Carolina (the "Concord Land") for \$2.6 million in cash. If the transaction closes, Griffin plans to construct two industrial/warehouse buildings aggregating approximately 283,000 square feet on the Concord Land, which is located near Griffin's existing industrial/warehouse building in Concord, North Carolina. Closing of this purchase, anticipated to take place in fiscal 2018, is subject to obtaining all governmental approvals for

Griffin's development plans for the Concord Land. There is no guarantee that this transaction will be completed under its current terms, or at all.

On January 11, 2018, Griffin entered into an agreement to purchase an approximately 14 acre parcel of undeveloped land in the Lehigh Valley of Pennsylvania (the "Lehigh Valley Land"). Subsequently, the agreement was amended to reduce the purchase price from \$3.6 million in cash to \$3.1 million in cash and extend the due diligence period. If the transaction closes, Griffin plans to construct an approximately 156,000 square foot industrial/warehouse building on the Lehigh Valley Land. The closing of this purchase, anticipated to take place in fiscal 2019, is subject to several conditions, including the satisfactory outcome of due diligence and obtaining all governmental approvals for Griffin's development plans for the Lehigh Valley Land. There is no guarantee that this transaction will be completed under its current terms, or at all.

Subsequent to May 31, 2018, Griffin entered into an agreement for the purchase of approximately 36 acres of undeveloped land in Mecklenburg County, North Carolina (the "Mecklenburg Land") for approximately \$4.7 million in cash. If the transaction closes, Griffin plans to construct an industrial/warehouse development on the Mecklenburg Land, which is in the greater Charlotte area. The amount of industrial/warehouse space to be developed on the Mecklenburg Land will be based upon findings during due diligence. Closing on the purchase of the Mecklenburg Land is subject to several conditions, including rezoning the Mecklenburg Land for industrial/warehouse development, satisfactory outcome of due diligence and obtaining all governmental approvals for Griffin's development plans. Satisfaction of the conditions required before closing is expected to be an extended process, with a closing on the purchase of the Mecklenburg Land not anticipated to take place until fiscal 2019. There is no guarantee that this transaction will be completed under its current terms, or at all.

In the near-term, Griffin plans to continue to invest in its real estate business, including completion of construction of 6975 Ambassador and 220 Tradeport Drive, construction of additional buildings on its undeveloped land, expenditures for tenant improvements as new leases are signed, infrastructure improvements required for future development of its real estate holdings and the potential acquisition of additional properties and/or undeveloped land parcels in the Middle Atlantic, Northeast and Southeast regions to expand the industrial/warehouse portion of its real estate portfolio. Real estate acquisitions may or may not occur based on many factors, including real estate pricing. Griffin may commence speculative construction projects on its undeveloped land that is either currently owned or acquired in the future if it believes market conditions are favorable for such development. Griffin may also construct additional build-to-suit facilities on its undeveloped land if lease terms are favorable.

Subsequent to May 31, 2018, Griffin extended, for an additional year, its \$15 million revolving credit line (the "Webster Credit Line") with Webster Bank, N.A. ("Webster Bank") that was scheduled to expire on July 31, 2018. Interest on borrowings under the Webster Credit Line remains at the one month LIBOR rate plus 2.75%. The Webster Credit Line is collateralized by Griffin's properties in Griffin Center South, aggregating approximately 235,000 square feet, and an approximately 48,000 square foot single-story office building in Griffin Center. There have been no borrowings under the Webster Credit Line since its inception in fiscal 2013. As of May 31, 2018, the Webster Credit Line secured certain standby letters of credit aggregating approximately \$1.1 million that are related to Griffin's development activities.

As of May 31, 2018, Griffin had cash and cash equivalents of approximately \$28.8 million. Management believes that its cash and cash equivalents as of May 31, 2018, cash generated from leasing operations and property sales, borrowings under the State Farm Loan and borrowing capacity under Griffin's \$15.0 million credit line with Webster Bank will be sufficient to meet its working capital requirements, to complete construction of 6975 Ambassador and 220 Tradeport Drive, to purchase land parcels currently under agreement, to make other investments in real estate assets, and to pay dividends on its Common Stock, when and if declared by the Board of Directors, for at least the next twelve months.

Forward-Looking Information

The above information in Management's Discussion and Analysis of Financial Condition and Results of Operations includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended. These forward-looking statements include, but are not limited to, statements about the costs and financing of construction and expected completion dates related to

6975 Ambassador and 220 Tradeport Drive; near-term expectations regarding any potential issuance of securities under the ATM Program or the Universal Shelf, and anticipated use of any future proceeds from the ATM program; completion of the land sale under the Simsbury Option Agreement; the purchases of the Concord Land, the Lehigh Valley Land and the Mecklenburg County Land, anticipated closing dates of such purchases and Griffin's plans with regard to the foregoing properties; the conversion of the State Farm Loan to a nonrecourse permanent mortgage loan and related use of proceeds; the acquisition and development of additional properties and/or undeveloped land parcels; construction of additional buildings, tenant improvements and infrastructure improvements; Griffin's anticipated future liquidity and capital expenditures; and other statements with the words "believes," "anticipates," "plans," "expects" or similar expressions. Although Griffin believes that its plans, intentions and expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such plans, intentions or expectations will be achieved. The forward-looking statements made herein are based on assumptions and estimates that, while considered reasonable by Griffin as of the date hereof, are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies and other important factors, many of which are beyond the control of Griffin. Griffin's actual results could differ materially from those anticipated in these forward-looking statements as a result of various important factors, including those set forth under the heading Item 1A "Risk Factors" of Griffin's Annual Report on Form 10-K for the fiscal year ended November 30, 2017 filed with the SEC on February 8, 2018.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of changes in the value of a financial instrument, derivative or non-derivative, caused by fluctuations in interest rates. Changes in these factors could cause fluctuations in earnings and cash flows.

For fixed rate mortgage debt, changes in interest rates generally affect the fair market value of the debt instrument, but not earnings or cash flows. Griffin does not have an obligation to prepay any fixed rate debt prior to maturity and, therefore, interest rate risk and changes in the fair market value of fixed rate debt should not have a significant impact on earnings or cash flows until such debt is refinanced, if necessary. Griffin's mortgage interest rates are described in Note 4 to the unaudited consolidated financial statements included in Item 1.

For variable rate debt, changes in interest rates generally do not impact the fair market value of the debt instrument, but do affect future earnings and cash flows. As of May 31, 2018, Griffin had several nonrecourse mortgage loans aggregating approximately \$96.2 million that have variable interest rates, for which Griffin has entered into interest rate swap agreements to effectively fix the interest rates on all of these mortgage loans. There were no other variable rate borrowings outstanding as of May 31, 2018.

Griffin is exposed to market risks from fluctuations in interest rates and the effects of those fluctuations on the market values of Griffin's cash equivalents. These investments generally consist of money market securities that are not significantly exposed to interest rate risk.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Griffin maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Griffin's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), Griffin carried out an evaluation, under the supervision and with the participation of Griffin's management, including Griffin's Chief Executive Officer and Chief Financial Officer, of the effectiveness of Griffin's disclosure controls and procedures as of the end of the fiscal period covered by this report. Based on the foregoing, Griffin's Chief Executive Officer and Chief Financial Officer concluded that its disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There has been no change in Griffin's internal control over financial reporting during Griffin's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Griffin's internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in Item 1A of Griffin's Annual Report on Form 10-K for the fiscal year ended November 30, 2017.

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

(c) Issuer Purchase of Equity Securities

In the 2018 second quarter, Griffin received 12,437 shares of its Common Stock at \$39.88 per share from an employee as consideration for the exercise price in connection with his exercise of an option to acquire 15,000 shares of Griffin's Common Stock at \$33.07 under Griffin's 2009 Stock Option Plan. Also in the 2018 second quarter, Griffin received 968 shares of its Common Stock at \$39.88 per share from that employee for reimbursement of income tax withholdings of \$38,608 related to that option exercise. The shares received were recorded as treasury stock, which resulted in an increase in treasury stock of \$534,645.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Griffin Industrial Realty, Inc. (f/k/a Griffin Land & Nurseries, Inc.)	10-Q	001-12879	3.1	10/10/13	
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Griffin Industrial Realty, Inc. (f/k/a Griffin Land & Nurseries, Inc.)	8-K	001-12879	3.1	5/13/15	
3.3	Amended and Restated By-laws of Griffin Industrial Realty, Inc.	8-K	001-12879	3.2	5/13/15	
10.2†	Griffin Industrial Realty, Inc. (f/k/a Griffin Land & Nurseries, Inc.) 2009 Stock Option Plan	10-K	001-12879	10.2	2/13/14	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.3†	Form of Stock Option Agreement under Griffin Industrial Realty, Inc. (f/k/a Griffin Land & Nurseries, Inc.) 2009 Stock Option Plan	10-K	001-12879	10.3	2/13/14	
10.4	Mortgage Deed, Security Agreement, Financing Statement and Fixture Filing with Absolute Assignment of Rents and Leases dated September 17, 2002 between Tradeport Development I, LLC and Farm Bureau Life Insurance Company	10-Q	001-12879	10.21	10/11/02	
10.5	Open-End Mortgage Deed and Security Agreement dated December 17, 2002 between Griffin Center Development IV, LLC and Webster Bank, N.A.	10-K	001-12879	10.24	2/28/03	
10.6	Secured Installment Note and First Amendment of Mortgage and Loan Documents dated April 16, 2004 among Tradeport Development I, LLC, and Griffin Industrial Realty, Inc. (f/k/a Griffin Land & Nurseries, Inc.) and Farm Bureau Life Insurance Company	10-Q	001-12879	10.28	7/13/04	
10.7	Mortgage Deed, Security Agreement, Fixture Filing, Financing Statement and Assignment of Leases and Rents dated July 6, 2005 by Tradeport Development II, LLC in favor of First Sunamerica Life Insurance Company	10-Q	001-12879	10.29	11/2/05	
10.8	Promissory Note dated July 6, 2005	10-Q	001-12879	10.30	11/2/05	
10.9	Guaranty Agreement as of July 6, 2005 by Griffin Industrial Realty, Inc. (f/k/a Griffin Land & Nurseries, Inc.) in favor of First Sunamerica Life Insurance Company	10-Q	001-12879	10.31	11/2/05	
10.10	Amended and Restated Mortgage Deed, Security Agreement, Fixture Filing, Financing Statement and Assignment of Leases and Rents dated November 15, 2006 by Tradeport Development II, LLC in favor of First Sunamerica Life Insurance Company	10-K	001-12879	10.32	2/15/07	
10.11	Amended and Restated Promissory Note dated November 15, 2006	10-K	001-12879	10.33	2/15/07	
10.12	Guaranty Agreement as of November 15, 2006 by Griffin Industrial Realty, Inc. (f/k/a Griffin Land & Nurseries, Inc.) in favor of First Sunamerica Life Insurance Company	10-K	001-12879	10.34	2/15/07	
10.13	Construction Loan and Security Agreement dated February 6, 2009 by and between Tradeport Development III, LLC, Griffin Industrial Realty, Inc. (f/k/a Griffin Land & Nurseries, Inc.), and Berkshire Bank	10-Q	001-12879	10.36	10/6/10	
10.14	\$12,000,000 Construction Note dated February 6, 2009	10-Q	001-12879	10.37	4/9/09	
10.15	Loan and Security Agreement dated July 9, 2009 between Griffin Industrial Realty, Inc. (f/k/a Griffin Land & Nurseries, Inc.) and People's United Bank, N.A.	10-Q	001-12879	10.40	10/8/09	
10.16	\$10,500,000 Promissory Note dated July 9, 2009	10-Q	001-12879	10.41	10/8/09	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.17	Mortgage and Security Agreement dated January 27, 2010 between Riverbend Crossings III Holdings, LLC and NewAlliance Bank	10-Q	001-12879	10.42	10/6/10	
10.18	\$4,300,000 Promissory Note dated January 27, 2010	10-Q	001-12879	10.43	4/8/10	
10.19	First Modification of Promissory Note, Mortgage Deed and Security Agreement and Other Loan Documents between Riverbend Crossings III Holdings, LLC and NewAlliance Bank dated October 27, 2010	10-K	001-12879	10.44	2/10/11	
10.23	Third Modification Agreement between Griffin Center Development IV, LLC, Griffin Center Development V, LLC, Griffin Industrial Realty, Inc. (f/k/a Griffin Land & Nurseries, Inc.) and Webster Bank, N.A. dated June 15, 2012	8-K	001-12879	10.48	6/20/12	
10.24	Second Amendment to Mortgage Deed and Security Agreement and other Loan Documents between Riverbend Crossings III Holdings, LLC and First Niagara Bank, N.A. dated April 1, 2013	10-Q	001-12879	10.49	7/11/13	
10.25	Amended and Restated Term Note dated April 1, 2013	10-Q	001-12879	10.50	7/11/13	
10.26	Revolving Line of Credit Loan Agreement with Webster Bank, N.A. dated April 24, 2013	10-Q	001-12879	10.51	7/11/13	
10.28	Mortgage and Security Agreement between Riverbend Bethlehem Holdings I, LLC and First Niagara Bank, N.A. effective August 28, 2013	10-Q	001-12879	10.53	10/10/13	
10.29	\$9,100,000 Term Note effective August 28, 2013	10-Q	001-12879	10.54	10/10/13	
10.31	First Modification of Mortgage and Loan Documents between Griffin Center Development I, LLC, Griffin Industrial Realty, Inc. (f/k/a Griffin Land & Nurseries, Inc.), Tradeport Development I, LLC and Farm Bureau Life Insurance Company, dated June 6, 2014	8-K	001-12879	10.1	6/9/14	
10.32	Amended and Restated Secured Installment Note of Griffin Center Development I, LLC to Farm Bureau Life Insurance Company, dated June 6, 2014	8-K	001-12879	10.2	6/9/14	
10.33	Second Modification of Mortgage and Loan Documents between Tradeport Development I, LLC, Griffin Industrial Realty, Inc. (f/k/a Griffin Land & Nurseries, Inc.), Griffin Center Development I, LLC and Farm Bureau Life Insurance Company, dated June 6, 2014	8-K	001-12879	10.3	6/9/14	
10.34	Amended and Restated Secured Installment Note of Tradeport Development I, LLC to Farm Bureau Life Insurance Company, dated June 6, 2014	8-K	001-12879	10.4	6/9/14	
10.35	Mortgage and Security Agreement between Riverbend Bethlehem Holdings I, LLC and First Niagara Bank, N.A. effective December 31, 2014	10-K	001-12879	10.35	2/13/15	
10.36	Mortgage and Security Agreement between Riverbend Bethlehem Holdings II, LLC and First Niagara Bank, N.A. effective December 31, 2014	10-K	001-12879	10.36	2/13/15	
10.37	\$21,600,000 Term Note effective December 31, 2014	10-K	001-12879	10.37	2/13/15	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.38	Mortgage, Assignment of Rents and Security Agreement dated July 29, 2015 between Tradeport Development II, LLC and 40 86 Mortgage Capital, Inc.	10-Q	001-12879	10.38	10/9/15	
10.39	\$18,000,000 Promissory Note dated July 29, 2015	10-Q	001-12879	10.39	10/9/15	
10.40	Open-End Mortgage, Assignment of Leases and Rents and Security Agreement by Riverbend Hanover Properties II, LLC as Mortgagor to and for the benefit of Webster Bank, N.A. as Mortgagee dated August 28, 2015 and effective as of September 1, 2015	10-Q	001-12879	10.40	10/9/15	
10.41	\$14,100,000 Promissory Note dated September 1, 2015	10-Q	001-12879	10.41	10/9/15	
10.42†	Letter Agreement by and between Griffin Industrial Realty, Inc. and John J. Kirby, Jr. dated July 22, 2015	10-K	001-12879	10.41	2/12/16	
10.43†	Letter Agreement by and between Griffin Industrial Realty, Inc. and David M. Danziger dated March 8, 2016	10-Q	001-12879	10.42	4/8/16	
10.44†	Letter Agreement by and between Griffin Industrial Realty, Inc. and Winston J. Churchill, Jr. dated May 16, 2016	10-Q	001-12879	10.43	7/8/16	
10.45	\$14,350,000 Promissory Note dated April 26, 2016	10-Q	001-12879	10.44	7/8/16	
10.46	Loan and Security Agreement between Griffin Industrial Realty, Inc. and People's United Bank, N.A. dated April 26, 2016	10-Q	001-12879	10.45	7/8/16	
10.47	First Amendment to Revolving Line of Credit Loan Agreement by and between Griffin Industrial Realty, Inc. and Webster Bank, N.A. dated April 26, 2016	10-Q	001-12879	10.46	7/8/16	
10.48	Second Amendment to Revolving Line of Credit Loan Agreement by and between Griffin Industrial Realty, Inc. and Webster Bank, N.A. dated July 22, 2016	10-Q	001-12879	10.47	10/7/16	
10.49	Amended and Restated Revolving Line of Credit Note with Webster Bank, N.A. dated July 22, 2016	10-Q	001-12879	10.48	10/7/16	
10.50	\$26,724,948.03 Promissory Note dated November 17, 2016	10-K	001-12879	10.49	2/10/17	
10.51	Open-End Mortgage, Assignment of Leases and Rents and Security Agreement by Riverbend Hanover Properties I, LLC as Mortgagor to and for the benefit of Webster Bank, N.A. as Mortgagee dated November 14, 2016 and effective as of November 17, 2016	10-K	001-12879	10.50	2/10/17	
10.52	Open-End Mortgage, Assignment of Leases and Rents and Security Agreement by Riverbend Hanover Properties II, LLC as Mortgagor to and for the benefit of Webster Bank, N.A. as Mortgagee dated November 14, 2016 and effective as of November 17, 2016	10-K	001-12879	10.51	2/10/17	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.53†	Griffin Industrial Realty, Inc. Deferred Compensation and Supplemental Retirement Plan as amended and restated effective January 1, 2017	10-Q	001-12879	10.52	4/7/17	
10.54	Loan and Security Agreement between Tradeport Development V, LLC and People's United Bank N.A. dated March 15, 2017	10-Q	001-12879	10.53	4/7/17	
10.55	\$12,000,000 Promissory Note dated March 15, 2017	10-Q	001-12879	10.54	4/7/17	
10.56	\$10,600,000 Term Note dated July 14, 2017	10-Q	001-12879	10.56	10/10/17	
10.57	Amended and Restated Loan and Security Agreement dated July 14, 2017 between Tradeport Development III, LLC and Berkshire Bank	10-Q	001-12879	10.57	10/10/17	
10.58	\$12,150,000 Promissory Note dated August 30, 2017	10-Q	001-12879	10.58	10/10/17	
10.59	Deed of Trust, Assignment of Rents and Security Agreement dated August 30, 2017 from Riverbend Concord Properties, LLC for the benefit of 4086 Mortgage Capital, Inc.	10-Q	001-12879	10.59	10/10/17	
10.60	Fourth Modification Agreement between Griffin Center Development IV, LLC, Griffin Center Development V, LLC, Griffin Industrial Realty, Inc. and Webster Bank, N.A. dated September 22, 2017	10-K	001-12879	10.60	2/8/18	
10.61	Amended and Restated Open-End Mortgage Deed and Security Agreement dated January 30, 2018 between Tradeport Development V, LLC and People's United Bank, N.A.	10-K	001-12879	10.61	2/8/18	
10.62	\$14,287,500 Promissory Note dated March 29, 2018					*
10.63	Open-End Construction Mortgage Deed and Security Agreement by Tradeport Development VI, LLC in favor of and for the benefit of State Farm Life Insurance Company dated March 29, 2018					*
10.64	Construction Loan Agreement by and between State Farm Life Insurance Company and Tradeport Development VI, LLC dated March 29, 2018					*
10.65	Sales Agreement dated May 10, 2018 by and between Griffin Industrial Realty, Inc. and Robert W. Baird & Co. Incorporated	8-K	001-12879	1.1	5/10/18	
31.1	Certifications of Chief Executive Officer Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended					*
31.2	Certifications of Chief Financial Officer Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended					*
32.1	Certifications of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350					**
32.2	Certifications of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350					**
101.INS	XBRL Instance Document					*
101.SCH	XBRL Taxonomy Extension Schema Document					*

Table of Contents

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
101.CAL	XBRL Taxonomy Calculation Linkbase Document					*
101.LAB	XBRL Taxonomy Label Linkbase Document					*
101.PRE	XBRL Taxonomy Presentation Linkbase Document					*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					*
<hr/>						
†	A management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 6 of Form 10-Q.					
*	Filed herewith.					
**	Furnished herewith.					

SIGNATURES

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

GRIFFIN INDUSTRIAL REALTY, INC.

DATE: July 10, 2018

BY: /s/ MICHAEL S. GAMZON
Michael S. Gamzon
President and Chief Executive Officer

DATE: July 10, 2018

BY: /s/ ANTHONY J. GALICI
Anthony J. Galici
Vice President, Chief Financial Officer and Secretary,
Chief Accounting Officer

PROMISSORY NOTE

(Construction Loan)

\$14,287,500.00

March 29, 2018
Hartford, Connecticut

FOR VALUE RECEIVED, the undersigned, **TRADEPORT DEVELOPMENT VI, LLC**, a Connecticut limited liability company (“**Maker**”), promises to pay to the order of **STATE FARM LIFE INSURANCE COMPANY**, an Illinois corporation, its successors or assigns (“**State Farm**”), the principal sum of Fourteen Million Two Hundred Eighty Seven Thousand Five Hundred and 00/100 Dollars (\$14,287,500.00) or so much thereof as shall have been advanced under the Loan Agreement (as defined herein) and which remains outstanding (“**Principal**”), together with interest on the unpaid Principal balance outstanding from the date of disbursement until paid at the rate of four and fifty-one one hundredths percent (4.51%) per annum (the “**Note Rate**”). Interest shall be computed on the basis of a three hundred sixty (360) day year having twelve (12) months of thirty (30) days each. Principal and interest accrued thereon, together with all other sums which may be at any time due, owing or required to be paid by the terms of the Construction Loan Agreement (the “Loan Agreement”) of even date herewith between Maker and State Farm, as well as the Mortgage (as defined below) and the other Loan Documents (as defined in the Mortgage), are herein collectively called the “Indebtedness”. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

I. Payments.

A. On April 1, 2018, and on the first day of each succeeding month thereafter (a “**Regular Payment Date**”), until the August 1, 2019 (the “**Initial Maturity Date**”), Maker shall pay to State Farm accrued interest on the unpaid Principal balance in monthly installments (each a “**Monthly Interest Payment**”). If the Conversion should occur in accordance with the Loan Agreement, on each Regular Payment Date after the Conversion Date to and including the Regular Payment Date immediately preceding April 1, 2034 (the “**Converted Maturity Date**”), Maker shall pay Principal and interest to State Farm in equal monthly installments in an amount as State Farm shall determine based on a twenty-five (25) year amortization schedule commencing on the Conversion Date (the amount of such monthly Principal and interest payment is herein called the “**Monthly Principal and Interest Payment**”, and hereafter, “**Monthly Payment**” means the Monthly Interest Payment or, as applicable, the Monthly Principal and Interest Payment, that is payable by Maker pursuant to this Note). A final payment of all outstanding Principal under this Note, plus all accrued and unpaid interest thereon, shall be due and payable by Maker to State Farm on the Initial Maturity Date or, if the Conversion should occur in accordance with the Loan Agreement, on the Converted Maturity Date). Notwithstanding the foregoing, if the Conversion should occur on any date other than a Regular Payment Date, (i) on the Conversion Date Maker shall pay to State Farm the entire Monthly Interest Payment that would have been payable on the Skip Date

(as defined below) if no Conversion had occurred, (ii) no Monthly Payment shall be payable on the Skip Date, and (iii) beginning on the first Regular Payment Date after the Skip Date and continuing on each Regular Payment Date thereafter until the Regular Payment Date immediately preceding the Converted Maturity Date, a Monthly Principal and Interest Payment shall be due and payable. Notwithstanding anything to the contrary in this Note, upon the maturity of the Loan, whether by lapse of time, acceleration or otherwise, the entire outstanding Principal balance of the Loan, plus all accrued but unpaid interest thereon, shall be due and payable hereunder.

B. For purposes of this Note, the term “**Skip Date**” means the 1st day of the month immediately succeeding the Conversion Date if, but only if, the Conversion Date should not be a Regular Payment Date; if the Conversion Date should be a Regular Payment Date, the fourth sentence of Section I(A) above is not applicable and the term “Skip Date” is not applicable.

C. All required payments are to be made to State Farm at One State Farm Plaza, Bloomington, Illinois 61710-0001, Attention: Investment Accounting, D-3, or at any other place State Farm shall designate in writing.

D. All **Indebtedness** (as defined in the Mortgage) is payable in lawful money of the United States of America that is legal tender for public and private debts.

II. Events of Default.

A. It shall constitute an event of default (an “**Event of Default**”) of and under this Promissory Note (this “**Note**”) if any of the following events shall occur:

1. Maker shall fail to pay any Monthly Payment when due under this Note. However, Monthly Payments received by State Farm within ten (10) days of the Regular Payment Date shall be considered made as required. In the event the Monthly Payment and the **Late Charge** (as defined below) are not received by State Farm on or before the end of the calendar month in which such Monthly Payment is due, the **Default Rate** (as defined below) shall apply from the first day of the month in which such Monthly Payment was due;

2. Maker shall fail to perform or observe any of the other covenants, agreements or conditions of this Note and such failure shall remain uncured for thirty (30) days after notice to Maker of the occurrence of such failure (the “**Grace Period**”); provided, however, that State Farm shall extend any applicable Grace Period up to ninety (90) days if State Farm determines in good faith that: (i) such default cannot reasonably be cured within such Grace Period but can be cured within ninety (90) days; (ii) no lien or security interest created by the Loan Documents shall be impaired prior to the anticipated completion of such cure; and (iii) State Farm’s immediate exercise of any remedies provided in this Note or by law is not necessary for the protection or preservation of the Secured Property or State Farm’s security interest therein or lien thereon, and Maker shall immediately commence and diligently pursue the cure of such default.

3. An “**Event of Default**” (as defined in any of the Loan Documents) shall occur under any of the other Loan Documents.

B. If any Monthly Payment payable under this Note is not paid on or before the tenth (10th) day after the applicable Regular Payment Date, Maker shall pay to State Farm an amount equal to the lesser of five percent (5%) of such unpaid Monthly Payment or the maximum amount permitted by **Applicable Law** (as defined below) to defray the expenses incurred by State Farm in handling and processing the delinquent payment and to compensate State Farm for the loss of use of the delinquent payment (the “**Late Charge**”).

C. While any Event of Default exists, the Note Rate shall be increased to the lesser of nine and fifty-one one hundredths percent (9.51%) per annum or the maximum amount permitted by Applicable Law (the “**Default Rate**”). The Default Rate shall accrue from the date of the first occurrence of the Event of Default to the date upon which the Event of Default is cured. It is a condition precedent to the cure of any Event of Default that Maker shall pay all Principal and accrued interest required under this Note to the most current Regular Payment Date, plus the difference between the interest on the unpaid Principal balance calculated at the Default Rate and the interest on the unpaid Principal balance calculated at the Note Rate from the date of the first occurrence of the Event of Default to the date upon which the Event of Default is cured.

D. Prior to an Event of Default, payments received by State Farm shall be applied first to interest and the remainder to Principal. After an Event of Default, State Farm may, at its option, apply any payments or other amounts received first to the payment of State Farm’s expenses incurred in accordance with the provisions of the Loan Documents, then to interest, and the remainder to Principal.

E. Upon an Event of Default, State Farm may, at its option and without further notice, declare the Indebtedness, including the entire Principal balance, together with all accrued and unpaid interest thereon, to be immediately due and payable. Failure to exercise this option for a particular Event of Default shall not constitute a waiver of the right to exercise same in case of any subsequent Event of Default.

III. Security.

This Note is secured by, among other Loan Documents (i) an Open-End Construction Mortgage Deed and Security Agreement executed by Maker to and in favor of State Farm of even date with this Note (the “**Mortgage**”) which encumbers and constitutes a lien upon and security interest in certain real property and fixtures located in the Town of Windsor in the State of Connecticut (the “**State**”) and certain other property, rights and interests, all as more fully described in the Mortgage (the “**Secured Property**”); and (ii) an Assignment of Rents and Leases executed by Maker to and in favor of State Farm of even date herewith (the “**Assignment of Rents and Leases**”) in which **Rents** (as defined therein) and the **Leases** (as defined therein) are absolutely and unconditionally assigned by Maker to State Farm.

IV. Prepayment.

A. This Note shall be closed to prepayment through and including the later to occur of (i) October 1, 2026; or (ii) the date on which one hundred two (102) Monthly Payments have been paid to State Farm. Only thereafter, provided Maker first gives State Farm written notice at least

thirty (30) days but no more than sixty (60) days before the date selected by Maker for prepayment, which date shall be a Regular Payment Date (the “**Prepayment Date**”), Maker may prepay the entire outstanding Principal on said Prepayment Date, provided that (i) all other amounts outstanding under the Loan Documents are also paid, and (ii) the amount prepaid is accompanied by a fee (the “**Prepayment Fee**”) equal to the following:

1. For a prepayment made between a date after which one hundred two (102) Monthly Payments have been paid to State Farm and on the date which one hundred forty-four (144) Monthly Payments have been paid to State Farm the Prepayment Fee shall be The “Reinvestment Yield” (as calculated below).

2. For a prepayment made between a date after which one hundred forty-four (144) Monthly Payments have been paid to State Farm and on the date which one hundred fifty-six (156) Monthly Payments have been paid to State Farm, the Prepayment Fee shall be equal to three percent (3%) of the outstanding principal balance of this Note;

3. For a prepayment made between a date after one hundred fifty-six (156) Monthly Payments have been paid to State Farm and on the date which one hundred sixty-eight (168) Monthly Payments have been paid to State Farm, the Prepayment Fee shall be equal to two percent (2%) of the outstanding principal balance of this Note; and

4. For a prepayment made between a date after one hundred sixty-eight (168) Monthly Payments have been paid to State Farm and on the date which one hundred eighty (180) Monthly Payments have been paid to State Farm, the Prepayment Fee shall be equal to one percent (1%) of the outstanding principal balance of this Note.

If at the time of prepayment, the **Reinvestment Yield** (as defined below) is less than the Note Rate, the Prepayment Fee shall be calculated by:

Using the Reinvestment Yield corresponding to the payment frequency of this Note, adding the present values of: (i) the scheduled Monthly Payments remaining until the Converted Maturity Date; plus (ii) the final Principal and accrued interest payment due on the Converted Maturity Date; and

From the sum so obtained, subtracting the outstanding Principal balance of this Note as of the Prepayment Date. The remainder shall be the Prepayment Fee (if such amount is greater than the amount determined by subsection 1 above).

As used herein, “**Reinvestment Yield**” means 50 basis points in excess of the yield on United States Treasury Securities having the closest maturity (month and year) to the Converted Maturity Date. Should more than one United States Treasury Security be quoted as maturing on the Converted Maturity Date, then the yield of the United States Treasury Security quoted closest to par will be used in the calculation.

The Prepayment Fee shall be calculated two (2) business days before the Prepayment Date. Failure to prepay on the Prepayment Date shall be considered a waiver by Maker of the present right to prepay.

B. If State Farm declares the entire Indebtedness to be immediately due and payable, Maker agrees that the Prepayment Fee, calculated as if the Prepayment Date were the date of acceleration, shall apply. If such acceleration occurs prior to Conversion and the Converted Maturity Date has not been precisely established in the Loan Documents, then the latest Converted Maturity Date calculated pursuant to the Loan Documents formula shall be used, in State Farm's reasonable judgment. No Prepayment Fee will be charged in the event the Loan is prepaid in whole or in part by the application of insurance or condemnation proceeds as required by the Loan Documents. In addition, if the Proceeds (as defined in the Mortgage) are applied to the Indebtedness because State Farm has determined that the Viability Requirements (as defined in the Mortgage) have not been satisfied, and provided no Event of Default is in existence and no event shall have occurred as of the date of prepayment of the remaining Indebtedness in full which, with the passage of time, the giving of notice or both, would constitute an Event of Default, Maker may, at its option, pay the remaining Indebtedness in full (but not in part) without a premium or fee at any time within one hundred eighty (180) days after the date of such application.

C. No Prepayment Fee shall be payable after one hundred eighty (180) Monthly Payments have been paid to State Farm on this Note or May 1, 2033, whichever comes later in time.

V. Limitation of Liability.

The provisions of Section 7.14 of the Loan Agreement are hereby incorporated by reference into this Note to the same extent and with the same force as if fully set forth herein.

VI. Non-Usurious Loan.

A. It is the intention of Maker and State Farm that this Note and all other Loan Documents shall comply with any Applicable Law. To that end, the parties stipulate and agree that none of the terms and provisions of this Note or the Loan Documents shall ever be construed to create a contract that violates any Applicable Law or exceeds the limits imposed or provided by law for the use or detention of money or for forbearance in seeking its collection.

B. In the event that interest paid or received under this Note or the other Loan Documents shall result, because of any reduction of Principal or any other reason, in an effective rate of interest which for any period is in excess of applicable usury limits, such excess interest for the period in question shall, at State Farm's option, be refunded to Maker or be applied upon the outstanding Principal without a Prepayment Fee.

C. As used herein, "Applicable Law" means any federal or state statute or other law, including, but not limited to, the applicable usury laws of the State or the United States (whichever allows the greater rate of interest), as such Applicable Law now exists, is amended or is enacted during the term of this Note.

D. Maker represents and agrees that the Indebtedness evidenced by this Note constitutes a commercial business loan which comes within the purview of Applicable Law.

VII. State Farm's Attorneys' Fees.

Should the Indebtedness evidenced by this Note or any part thereof be: (a) collected at law or in equity or through any legal, bankruptcy, receivership, probate or other court proceedings; (b) placed in the hands of attorneys for collection after the occurrence of an Event of Default; or (c) the subject of any court proceeding involving the lien of the Mortgage or its priority, Maker shall pay to State Farm, in addition to the Principal and interest due and payable hereunder and all other Indebtedness due pursuant to the terms of the Loan Documents, reasonable attorneys' and paralegals' fees and collection costs, including those incurred by State Farm on any appeal.

VIII. Maker's Waivers.

Maker (on behalf of itself and every person or entity at any time liable for the payment of the Indebtedness) hereby waives presentment for payment, demand and notice of demand, dishonor and notice of dishonor, protest and notice of protest, nonpayment and notice of nonpayment of this Note, and all other notices and demands, including without limitation, notice of intention to accelerate the maturity of this Note, notice of acceleration of the maturity of this Note, diligence in collection and the bringing of suit against any other party, and hereby further agrees to all renewals, extensions, modifications, partial payments, releases or substitutions of security, in whole or in part, with or without notice, whether before or after maturity.

IX. Payment of Taxes and Fees.

Maker agrees to pay all costs, expenses, fees and taxes (other than income taxes payable by State Farm arising from repayment of the Indebtedness) on or with respect to the execution, delivery, recordation, existence or possession of this Note, the Loan Agreement, the Mortgage and other Loan Documents, including, without limitation, all recording fees and any documentary stamp tax or intangible personal property tax now or hereafter required by Applicable Law to be affixed or paid with respect to this Note, the Loan Agreement, the Mortgage or the other Loan Documents.

X. Waiver of Trial by Jury.

MAKER AND STATE FARM (BY ITS ACCEPTANCE OF THIS NOTE) EACH HEREBY COVENANTS AND AGREES THAT, IN CONNECTION WITH ANY DISPUTE ARISING UNDER THIS NOTE OR UNDER ANY OF THE OTHER LOAN DOCUMENTS, IT SHALL NOT ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY AND HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN, KNOWINGLY AND VOLUNTARILY, BY MAKER, AND THIS WAIVER IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A JURY TRIAL WOULD OTHERWISE ACCRUE. STATE FARM IS HEREBY AUTHORIZED AND REQUESTED TO SUBMIT THIS AGREEMENT TO ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND THE PARTIES HERETO, SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF THE FOREGOING WAIVER OF THE RIGHT TO JURY TRIAL. FURTHER, MAKER HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF STATE FARM, INCLUDING STATE FARM'S COUNSEL, HAS REPRESENTED, EXPRESSLY OR OTHERWISE, TO ANY

OF THE UNDERSIGNED THAT STATE FARM WILL NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT OF JURY TRIAL PROVISION.

XI. Releases.

State Farm may, without notice, and without regard to the consideration, if any, given or paid therefor, release or substitute any part of the Secured Property given as security for the repayment of the Indebtedness without releasing any other property given as security for the Indebtedness, or may release any party liable for the payment of the Indebtedness without releasing any other party liable for the Indebtedness, or may agree with any party liable for the Indebtedness to extend the time for payment of any part or all of the Indebtedness without releasing any party liable for the Indebtedness. Any failure of State Farm to exercise any right granted herein, in the Mortgage or the other Loan Documents shall not constitute a waiver of such right or preclude the subsequent exercise thereof.

XII. Governing Law.

This Note and the rights, duties, obligations and liabilities of the parties hereunder and/or arising from or relating in any way to the Indebtedness or the Loan shall be governed by, and construed for all purposes under, the law of the State of Connecticut.

XIII. Prejudgment Remedy Waiver.

MAKER ACKNOWLEDGES THAT THE LOAN BEING MADE IS FOR COMMERCIAL PURPOSES AND, IN ADDITION TO AND NOT IN LIMITATION OF ANY OTHER PROVISIONS OF THIS NOTE OR ANY OTHER LOAN DOCUMENTS OR UNDER LAW FOR THE BENEFIT OF STATE FARM, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY RIGHT TO PRIOR NOTICE AND PRIOR HEARING UNDER SECTIONS 52-278a THROUGH 52-278n OF THE CONNECTICUT GENERAL STATUTES AS NOW OR HEREAFTER AMENDED AND AUTHORIZES STATE FARM OR ITS ATTORNEY, OR ANY SUCCESSOR THERETO, TO ISSUE A WRIT OF PREJUDGMENT REMEDY WITHOUT COURT ORDER. FURTHER, MAKER HEREBY WAIVES, TO THE EXTENT PERMITTED BY LAW, BUT EXCLUDING PROCEDURES THAT ARE PART OF THE STATUTORY FORECLOSURE PROCESS, THE BENEFITS OF ALL VALUATION, APPRAISEMENTS, HOMESTEAD, EXEMPTION, STAY, REDEMPTION AND MORATORIUM LAWS NOW IN FORCE OR WHICH MAY HEREAFTER BECOME LAWS. MAKER ACKNOWLEDGES THAT IT IS ENGAGED PRIMARILY IN COMMERCIAL PURSUITS AND THAT THE PROCEEDS FROM THIS SECURITY INSTRUMENT ARE TO BE UTILIZED IN BUSINESS ACTIVITIES AND WILL NOT BE UTILIZED FOR CONSUMER PURPOSES.

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IN WITNESS WHEREOF, Maker has executed this Note as of the day and year first above written.

MAKER:

TRADEPORT DEVELOPMENT VI, LLC

BY: RIVER BEND HOLDINGS, LLC
its Sole member

BY: GRIFFIN INDUSTRIAL, LLC,
its Sole Member

By: /s/Anthony J. Galici
Name: Anthony J. Galici
Title: Vice President

Maker's Address:

Tradeport Development VI, LLC
c/o Griffin Industrial Realty, Inc.
641 Lexington Avenue
26th Floor
New York, New York 10022
Attn: Michael S. Gamzon

PREPARED BY: Jeffrey P. Matrullo, Esq.

RETURN TO:

Jeffrey P. Matrullo, Esq.
McCarter & English, LLP
185 Asylum Street
Hartford, Connecticut 06103

Attn: Jeffrey P. Matrullo, Esq.

OPEN-END CONSTRUCTION MORTGAGE DEED AND SECURITY AGREEMENT

THIS OPEN-END CONSTRUCTION MORTGAGE DEED AND SECURITY AGREEMENT (this “**Mortgage**”) is made and executed the 29th day of March, 2018, by **TRADEPORT DEVELOPMENT VI, LLC**, a Connecticut limited liability company (“**Mortgagor**”), whose mailing address is 204 West Newberry Road, Bloomfield, Connecticut 06002-1308, to, in favor of and for the benefit of **STATE FARM LIFE INSURANCE COMPANY**, an Illinois corporation (“**State Farm**”), whose mailing address is One State Farm Plaza, Bloomington, Illinois 61710, and pertains to the real estate (the “**Real Estate**”) described on **Exhibit A** attached hereto and made a part hereof.

Article I. RECITALS

1.1. Construction Loan Agreement and Note.

Mortgagor has executed and delivered to State Farm a Promissory Note (Construction Loan) (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Note**”) of even date herewith. In the Note, Mortgagor promises to pay to the order of State Farm the principal sum of Fourteen Million Two Hundred Eighty Seven Thousand Five Hundred and 00/100 Dollars (\$14,287,500.00) (the “**Loan**”), or so much thereof as shall be advanced in accordance with the terms of the Construction Loan Agreement (the “**Loan Agreement**”) between Mortgagor and State Farm of even date herewith.

This Mortgage secures the Loan. From the date hereof, the Loan shall be repaid with interest thereon, in monthly installments as set forth in the Note, and the entire unpaid principal balance and all accrued interest thereon shall be due and payable as set forth in the Note. The terms and provisions of the Note are by this reference thereto incorporated herein and made a part hereof.

Mortgagor intends, and has agreed in the Loan Agreement to apply advances made thereunder to pay for costs of improvements incurred after the date hereof in the construction of an industrial building, all as described in the Loan Agreement;

Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

1.2. Indebtedness.

As used herein, the term “**Indebtedness**” means (a) the indebtedness evidenced by the Note, including principal, interest and prepayment fee, if any; and (b) all other sums which may at any time be due, owing or required to be paid under the Note, this Mortgage and the other **Loan Documents** (as defined in Section 1.3 hereof) including, without limitation, sums owing from or required to be paid by Mortgagor as a result of the breach or non-performance of any of the **Obligations** (as defined in Article II hereof), regardless of whether Mortgagor is personally liable for any such payment.

1.3. Loan Documents.

In addition to this Mortgage, the Loan Agreement and the Note, there have been executed and delivered to, and in favor of, State Farm certain other loan documents (the Note, the Loan Agreement, this Mortgage and all other documents and instruments, whether now or hereafter existing, which secure or guarantee payment of the Note or are otherwise executed in connection with the Loan, as the same may hereafter be amended, modified, supplemented or replaced from time to time, are collectively referred to herein as the “**Loan Documents**”). The Loan Documents include, without limitation, a guaranty (the “**Guaranty**”) executed by Griffin Industrial Realty, Inc. (the “**Guarantor**”) of even date herewith.

Article II. THE GRANT

In order to secure (i) the payment of the Indebtedness; and (ii) the performance of any of the terms, provisions, covenants, agreements, representations, warranties, certifications and obligations contained herein or under the other Loan Documents (collectively, the “**Obligations**”), regardless of whether Mortgagor is personally liable for such performance and observance, and in consideration of the sum of Ten and No/100 Dollars (\$10.00) in hand paid by State Farm to Mortgagor, the Recitals hereinabove stated in Article One and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor hereby grants, bargains, sells, assigns, warrants, releases, aliens, transfers, conveys and mortgages to State Farm and its successors and assigns with MORTGAGE COVENANTS and upon STATUTORY CONDITION the following rights, interests, claims and property (collectively, the “**Secured Property**”):

(a) all the Real Estate described in Exhibit A attached hereto and by this reference incorporated herein and made a part hereof;

(b) all buildings, structures and other improvements now or hereafter constructed, erected, installed, placed or situated upon the Real Estate (collectively, the “**Improvements**”);

(c) all estate, claim, demand, right, title and interest of Mortgagor now owned or hereafter acquired, including, without limitation, any after-acquired title, franchise, license, remainder or reversion, in and to (i) any land or vaults lying within the right-of-way of any street,

avenue, way, passage, highway or alley, open or proposed, vacated or otherwise, adjoining the Real Estate; (ii) any and all alleys, sidewalks, streets, avenues, strips and gores of land adjacent, belonging or appertaining to the Real Estate and Improvements; (iii) all rights of ingress and egress to and from the Real Estate and all adjoining property; (iv) storm and sanitary sewer, water, gas, electric, railway, telephone and all other utility services relating to the Real Estate and Improvements; (v) all land use, zoning, developmental rights and approvals, air rights, water, water rights, water stock, gas, oil, minerals, coal and other substances of any kind or character underlying or relating to the Real Estate or any part thereof; and (vi) each and all of the tenements, hereditaments, easements, appurtenances, other rights, liberties, reservations, allowances and privileges relating to the Real Estate or the Improvements or in any way now or hereafter appertaining thereto, including homestead and any other claim at law or in equity (collectively, the “**Appurtenances**”);

(d) all leasehold estates and the right, title and interest of Mortgagor in, to and under any and all leases, subleases, management agreements, arrangements, concessions or agreements, written or oral, relating to the use and occupancy of the Real Estate and Improvements or any portion thereof, now or hereafter existing or entered into, including any **Major Leases** and **Minor Leases**, each as defined in Section 3.18 hereof (each individually, a “**Lease**”; and collectively, the “**Leases**”);

(e) all rents, issues, profits, proceeds, income, revenues, royalties, advantages, avails, claims against guarantors, security and other deposits (whether in the form of cash, letters of credit or other forms), advance rentals and any and all other payments or benefits now or hereafter derived, directly or indirectly, from the Real Estate and Improvements, whether under the Leases or otherwise (collectively, the “**Rents**”); subject, however, to the right, power and authority (the “**License**”) granted Mortgagor in the Assignment of Rents and Leases executed by Mortgagor to and in favor of State Farm of even date herewith to collect and apply the Rents as provided therein;

(f) all right, title and interest of Mortgagor in and to any and all contracts, written or oral, express or implied, now existing or hereafter entered into or arising, in any manner related to the improvement, use, operation, sale, conversion or other disposition of any interest in the Secured Property, including, without limitation, all options to purchase or lease the Real Estate or Improvements or any portion thereof or interest therein, or any other rights, interests or greater estates in the rights and properties comprising the Secured Property, now owned or hereafter acquired by Mortgagor (collectively, the “**Contract Rights**”);

(g) all general intangibles of Mortgagor, including, without limitation, goodwill, trademarks, trade names, option rights, permits, licenses, insurance policies and proceeds therefrom, rights of action and books and records relating to the Real Estate or Improvements (collectively, the “**Intangible Personal Property**”);

(h) all right, title and interest of Mortgagor in and to all fixtures, equipment and tangible personal property of every kind, nature or description attached or affixed to or situated upon or within the Real Estate or Improvements, or both, provided the same are used, usable or intended to be used for or in connection with any present or future use, occupation, operation, maintenance, management or enjoyment of the Real Estate or Improvements (collectively, the “**Tangible Personal Property**”);

(i) all proceeds of the conversion, voluntary or involuntary, of any of the Secured Property into cash or other liquidated claims or that are otherwise payable for injury to, or the taking or requisitioning of the Secured Property, including all insurance and condemnation proceeds as provided in this Mortgage (collectively, the “**Proceeds**”);

(j) all **Tax and Insurance Deposits** (as defined in Section 3.3);

(k) all of Mortgagor’s right, power or privilege to further hypothecate or encumber all or any portion of the property, rights and interests described in this Article Two as security for any debt or obligation, it being intended by this provision to divest Mortgagor of the right, power and privilege to hypothecate or encumber, or to grant a mortgage upon or security interest in any of the property hypothecated in or encumbered by this Mortgage, as security for the payment of any debt or performance of any obligation without State Farm’s prior written consent (collectively, the “**Right to Encumber**”); and

(l) all other property, rights, interests, estates or claims of every name, kind, character or nature, both in law and in equity, which Mortgagor now has or may hereafter acquire in the Real Estate and Improvements and all other property, rights, interests, estates or claims of any name, kind, character or nature or properties now owned or hereafter acquired in the other properties, rights and interests comprising the Secured Property (collectively, the “**Other Rights and Interests**”).

Mortgagor agrees that without the necessity of any further act of Mortgagor or State Farm, the lien of and the security interest created in and by this Mortgage shall automatically extend to and include any and all renewals, replacements, substitutions, accessions, products or additions to and proceeds of the Secured Property.

TO HAVE AND TO HOLD the Secured Property unto State Farm, its successors and assigns, forever, free from all rights and benefits under and by virtue of any homestead exemption laws or similar laws of the state or other jurisdiction in which the Secured Property is located (the “**State**”) (which rights and benefits are hereby expressly released and waived) for the uses and purposes herein set forth.

MORTGAGOR hereby covenants with, and warrants to, State Farm and with any successor by reason of foreclosure whether strict or by sale that at the execution and delivery hereof, Mortgagor owns the Secured Property and has a good and indefeasible estate therein in fee simple; that the Secured Property is free from all encumbrances whatsoever (and any claim of any other **Person** (as defined below) thereto) other than those encumbrances expressly permitted by State Farm in writing (or as set forth in a title insurance policy issued to State Farm insuring this Mortgage) (collectively, the “**Permitted Encumbrances**”); that Mortgagor has good and lawful right to sell, convey, mortgage and encumber the Secured Property; and that Mortgagor and its successors and assigns shall forever warrant and defend the title to the Secured Property against all claims and demands whatsoever. As used herein, “**Person**” means any natural person, corporation, limited liability company, partnership, firm, association, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

PROVIDED, HOWEVER, that if and when Mortgagor has paid all of the Indebtedness and has strictly performed and observed all of the agreements, terms, conditions, provisions and warranties contained in this Mortgage and in all of the other Loan Documents, the estate, right, title and interest of State Farm in and to the Secured Property shall cease and shall be released at the cost of Mortgagor, but otherwise shall remain in full force and effect.

Article III. GENERAL AGREEMENTS

To protect the security of this Mortgage, Mortgagor further covenants and agrees as follows:

3.1. Recitals.

The recitals set forth above are true and correct and are material provisions of this Mortgage.

3.2. Payment of Indebtedness.

Mortgagor shall pay promptly the Indebtedness at the times and in the manner provided in the Loan Documents. All such sums payable by Mortgagor shall be paid without demand, counterclaim, offset, deduction or defense. Mortgagor hereby waives all rights now or hereafter conferred by statute or otherwise to any such demand, counterclaim, offset, deduction or defense.

3.3. Other Payments.

(a) In addition to the monthly installment payments required by the Note, Mortgagor shall pay to State Farm (or its designee) the following sums on a monthly basis until the Indebtedness is fully paid (collectively, the “**Tax and Insurance Deposits**”):

(i) a sum equal to one-twelfth (1/12th) of the annual **Taxes** (as defined in Section 3.5) next due on the Secured Property, all as estimated by State Farm (the “**Tax Deposits**”); and

(ii) a sum equal to one-twelfth (1/12th) of the annual premium or premiums next payable for the insurance herein required to be maintained on or with respect to the Secured Property (the “**Insurance Deposits**”).

(b) Should the total Tax and Insurance Deposits on hand not be sufficient to pay all of the Taxes and insurance premiums, together with all penalties and interest thereon, when the same become due and payable, Mortgagor shall pay to State Farm promptly on demand any amount necessary to make up the deficiency. If the total of such Tax and Insurance Deposits exceeds the amount required to pay the Taxes and insurance premiums, such excess shall be credited on subsequent payments to be made for such items.

(c) All such Tax and Insurance Deposits:

(i) shall be held by State Farm or a depository designated by State Farm with no obligation to segregate such payments and without any obligation arising for the payment of any interest thereon;

(ii) shall be applied by State Farm for the purposes for which made (as herein provided) subject, however, to the security interest granted State Farm therein pursuant to Article Two; and

(iii) shall not be subject to the direction or control of Mortgagor.

(d) Provided that no Event of Default (as defined in Section 4.1) exists and there are sufficient funds in the Tax and Insurance Deposits, State Farm agrees to make the payment of the Taxes or insurance premiums with reasonable promptness following its receipt of appropriate tax and/or insurance bills therefor, or, alternatively, upon presentation by Mortgagor of receipted (i.e. paid) tax and/or insurance bills therefor, State Farm shall reimburse Mortgagor for such Taxes and insurance premium payments made by Mortgagor.

(e) Upon the occurrence of an Event of Default, State Farm may, at its option, without being required to do so, apply any Tax and Insurance Deposits on hand to the payment of any of the Indebtedness, in such order and manner as State Farm may elect. When the Indebtedness has been fully paid, any remaining Tax and Insurance Deposits shall be paid to Mortgagor.

Notwithstanding the preceding, State Farm has agreed to waive the requirement to pay to State Farm the Tax and Insurance Deposits during the Construction Loan Period (as defined in the Loan Agreement) so long as all rebalancing requirements in the Loan Agreement are met and there does not exist an Event of Default under any of the Loan Documents. In addition, upon Conversion (as defined in the Loan Agreement), State Farm will agree to waive the requirement to pay to State Farm the Tax and Insurance Deposits from and after the Conversion Date, subject to, and in accordance with the terms of State Farm's tax and insurance escrow waiver letter (in the form attached as **Exhibit M** to the Loan Agreement) to be entered into between State Farm and Mortgagor at Conversion.

3.4. Maintenance, Repair, Restoration, Prior Liens, Parking.

Mortgagor shall and hereby agrees to:

(a) promptly repair, restore, replace or rebuild any portion of the Improvements which may become damaged or destroyed, provided the proceeds of insurance are made available to Mortgagor pursuant to Section 3.10 hereof, with all replacements being at least equal in quality and condition as existed prior thereto, free from any security interest therein, encumbrances thereon or reservation of title thereto;

(b) keep the Improvements in good condition and repair, without waste and free from mechanics', materialmen's or similar or other liens or claims of lien;

(c) complete, within a reasonable time, any Improvements now or hereafter in the process of construction upon the Real Estate;

(d) comply with all statutes, rules, regulations, orders, decrees and other requirements of any governmental body, whether federal, state or local, having jurisdiction over the Secured Property and the use thereof and observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions and nonconforming uses), privileges, franchises and concessions that are applicable to the Secured Property or its use and occupancy;

(e) make no material alterations in or to the Improvements, except as required in subsection (d) hereof or otherwise with the prior written consent of State Farm (which consent shall not be unreasonably withheld or delayed provided such alterations or Improvements do not adversely impact the value of the Secured Property) and in conformity with all applicable laws; provided, however, without the consent of State Farm (i) upon written notice to State Farm, Mortgagor (or its tenants) may make such alterations required by or expressly permitted by tenant to be made without the consent of Landlord under the terms of any Major Lease or Minor Lease provided that State Farm has previously reviewed and approved such Major Lease or Minor Lease ("Approved Lease Alterations"), provided, however, Mortgagor shall not be required to deliver written notice to State Farm if such Approved Lease Alterations will cost less than \$100,000 and will not involve a building (as opposed to tenant space) being expanded or contracted; and (ii) without written notice to State Farm, Mortgagor (or its tenants) may make (x) structural alterations or structural repairs costing less than \$100,000 in the aggregate in any one year and each year so long as the Ford Major Lease (as defined in the Loan Agreement) or any other Major Lease shall exist, or (y) non-structural alterations or non-structural repairs provided such alterations or repairs do not adversely impact the value of the Secured Property;

(f) not suffer nor permit any change in the general nature of the occupancy of the Improvements without the prior written consent of State Farm;

(g) pay when due all operating costs of the Improvements;

(h) not initiate nor consent in any zoning reclassification with respect to the Secured Property without the prior written consent of State Farm;

(i) provide, improve, grade, surface and thereafter maintain, clean, repair and adequately light all parking areas upon the Real Estate, such parking areas being of sufficient size to accommodate the greater of the amount of standard-size vehicles required (i) by law, ordinance or regulation; or (ii) by the terms of any Leases, together with any sidewalks, aisles, streets, driveways and sidewalk cuts and sufficient paved areas for ingress, egress and rights-of-way to and from the adjacent thoroughfares necessary or desirable for the use thereof; and

(j) forever warrant and defend its title to the Secured Property and the validity, enforceability and priority (which priority is subject to the Permitted Encumbrances) of the lien and security interests granted in and by this Mortgage and the other Loan Documents against the claims and demands of all Persons.

3.5. Property Taxes and Contest of Liens.

Notwithstanding the Tax and Insurance Deposits required by Section 3.3 hereof, Mortgagor shall be responsible for the payment, before delinquency and before any penalty attaches, of all real estate and personal property taxes and assessments (general or special), water charges, sewer charges and any other charges, fees, taxes, claims, levies, charges, expenses, liens and assessments, ordinary or extraordinary, governmental or nongovernmental, statutory or otherwise, that may be levied, assessed or asserted against the Secured Property or any part thereof or interest therein (collectively, "**Taxes**"). Notwithstanding anything contained herein to the contrary, Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any Taxes as well as any mechanics', materialmen's or other liens or claims of lien upon the Secured Property (collectively, the "**Contested Liens**"), provided that:

(a) such contest shall have the effect of preventing the collection of the Contested Liens and the sale or forfeiture of the Secured Property or any part thereof or interest therein to satisfy the same; and

(b) Mortgagor shall first notify State Farm in writing of the intention of Mortgagor to contest the same before any Contested Liens have been increased by any interest, penalties or costs.

3.6. Tax and Lien Payments by State Farm.

(a) Upon the failure of Mortgagor to pay the Tax Deposits as required in Section 3.3 or, in the event said payments are waived by State Farm, to pay the Taxes required to be paid in Section 3.5 above (unless Mortgagor is contesting the Taxes as provided in Section 3.5 above), State Farm is authorized, in its sole discretion, to make any payment of Taxes in accordance with any tax bill or statement from the appropriate public office without inquiry into the accuracy or validity of any Taxes, sales, forfeiture of title or claim relating thereto.

(b) State Farm is also authorized, in the place and stead of Mortgagor, to make any payment relating to any apparent or threatened adverse title, lien, claim of lien, encumbrance, claim, charge or payment otherwise relating to any other purpose but not enumerated in this Section, whenever, in State Farm's judgment and discretion, such payment seems necessary to protect the full security intended to be created by this Mortgage.

(c) All such payments authorized by this Section 3.6 that are not promptly reimbursed by Mortgagor shall constitute additional Indebtedness and shall be immediately due and payable by Mortgagor to State Farm upon demand with interest at the Default Rate (as defined in the Note) from the date of such payment.

3.7. Insurance.

Mortgagor shall insure and keep insured the Secured Property and each and every part thereof against such perils and hazards in accordance with the requirements set forth in the Loan Agreement.

3.8. Insurance Premium Payment by State Farm, Use of Proceeds.

(a) In the event Mortgagor fails to make the Insurance Deposits as required by Section 3.3, or if such Insurance Deposits have been waived, upon State Farm's receipt of written notice (i) of an unpaid insurance premium; (ii) of a termination or cancellation of any required insurance policy; or (iii) that a required insurance policy is not to be renewed and Mortgagor fails to provide replacement coverage at least fifteen (15) days prior to the termination of existing coverage, State Farm may, at its option, procure and substitute another policy of insurance in the amount required pursuant to the foregoing terms of this Mortgage with such companies as State Farm may select, the cost of which shall be paid by Mortgagor upon demand should the amount available from the Insurance Deposits be insufficient to pay the premium therefor. All sums paid by State Farm in procuring said insurance that are not promptly reimbursed by Mortgagor shall be additional Indebtedness and shall be immediately due and payable without notice, with interest thereon at the Default Rate from the date of such payment.

(b) In the event of any damage to or destruction of the Improvements or any part thereof, Mortgagor shall promptly notify State Farm and take such action necessary to preserve the undamaged portion of the Improvements. If at the time of such damage and destruction,

(i) no Event of Default is in existence and no event shall have occurred as of such date which, with the passage of time, the giving of notice or both, would constitute an Event of Default;

(ii) the damage is such that it can be reasonably repaired within the time provided in the Leases so as to preclude a material reduction in the rental income from the Secured Property (after application of any rental insurance proceeds), or Mortgagor obtains written commitments in form and substance reasonably satisfactory to State Farm from tenants to lease space, upon completion of repairs, in the Secured Property at aggregate rentals equal to or exceeding the debt service of the Loan and the general operating expenses of the Secured Property;

(iii) the Proceeds are less than the outstanding Indebtedness under the Loan;

(iv) the casualty insurer has not denied liability for payment of Proceeds as a result of any act, neglect, use or occupancy of the Secured Property by Mortgagor or any tenant of the Secured Property;

(v) the Real Estate and/or Improvements can be restored to the condition at least equal to the condition in which they existed at the closing of the Loan (with any post-closing improvements included in such Restoration (as defined in this Section 3.8)); and

(vi) if required by State Farm, a satisfactory report addressed to State Farm from an environmental engineer or other qualified professional satisfactory to State Farm certifies that no adverse environmental impact to the Secured Property has resulted from the casualty;

then, any Proceeds paid to State Farm in connection with such damage or destruction, after deducting therefrom any expenses, including without limitation reasonable attorneys' fees, incurred by State Farm in protecting the undamaged portion of the Improvements and in the collection of the Proceeds (the "**Collection Expenses**"), shall be applied by State Farm to the cost of restoring, repairing, replacing or rebuilding (herein generally called "**Restoration**") the Real Estate and/or Improvements or any part thereof as set forth in Section 3.10. Otherwise, in State Farm's sole discretion, all Proceeds, less Collection Expenses, shall be applied: (A) to the installments of the Indebtedness in the inverse order of their maturity; or (B) to the cost of Restoration as set forth in Section 3.10 hereof.

(c) If State Farm applies the Proceeds to the installments of the Indebtedness in the inverse order of their maturity, and provided no Event of Default is in existence and no event shall have occurred as of such date which, with the passage of time, the giving of notice or both, would constitute an Event of Default, no premium or fee shall be payable in connection with any prepayment of the Indebtedness from the Proceeds. In addition, if the Proceeds are applied to the Indebtedness pursuant to the preceding sentence, and provided no Event of Default is in existence and no event shall have occurred as of the date of prepayment of the remaining Indebtedness in full which, with the passage of time, the giving of notice or both, would constitute an Event of Default, Mortgagor may, at its option, pay the remaining Indebtedness in full (but not in part) without a premium or fee at any time within one hundred eighty (180) days after the date of such application.

3.9. Condemnation.

(a) Mortgagor shall give State Farm prompt notice of any proceedings, instituted or threatened, seeking condemnation or taking by eminent domain or any like process (a "Taking") of all or any part of the Real Estate or Improvements including any easement thereon or appurtenance thereto (including severance of, consequential damage to or change in grade of streets) and shall deliver to State Farm copies of any and all papers served in connection with any such proceeding.

(b) Mortgagor hereby assigns, transfers and sets over unto State Farm the entire Proceeds of any and all awards resulting from any Taking. State Farm is hereby authorized to collect and receive from the condemnation authorities the entire Proceeds and is further authorized to give appropriate receipts and acquittances therefor.

(c) In the event of any such Taking, any and all such Proceeds shall be applied, after deducting therefrom any Collection Expenses, in State Farm's sole discretion but subject to the further terms of this Section 3.9, to: (i) the installments of the Indebtedness in the inverse order of their maturity; or (ii) the cost of Restoration pursuant to Section 3.10 hereof.

(d) If (i) the Proceeds of any Taking exceed the greater of (A) \$500,000; or (B) 5% of the then value of the Secured Property (as determined by an M.A.I. Appraisal obtained by State Farm at the cost and expense of Mortgagor) but are less than the outstanding Indebtedness under the Loan as of the date of such Taking and are received at least two years prior to the Maturity Date; (ii) the requirements stated in Sections 3.8(b)(i), (ii) and (v) above are satisfied; and (iii) in State Farm's reasonable judgment, the remainder of the Secured Property can be operated (A) as

an economically viable project at substantially the same level of operations which existed immediately prior to the Taking; and (B) at the functional equivalent of its condition (considering, without limitation, the effect of the Taking on the remaining leasable area, parking and access) prior to the Taking (the "Viability Requirements"); then, such Proceeds, after deducting therefrom the Collection Expenses, shall be applied to the cost of Restoration pursuant to Section 3.10 hereof.

(e) If (i) the Proceeds of any Taking do not exceed the greater of (A) \$500,000; or (B) 5% of the then value of the Secured Property (as determined by an M.A.I. Appraisal obtained by State Farm at the cost and expense of Mortgagor); (ii) no Event of Default is in existence on the date of such Taking and no event shall have occurred as of such date which, with the passage of time, the giving of notice or both, would constitute an Event of Default; and (iii) the Viability Requirements are met; then, such Proceeds, after deducting therefrom the Collection Expenses, shall be applied to the cost of Restoration pursuant to Section 3.10 hereof.

(f) If State Farm applies the Proceeds to the installments of the Indebtedness in the inverse order of maturity, and provided no Event of Default is in existence and no event shall have occurred as of such date which, with the passage of time, the giving of notice or both, would constitute an Event of Default, no premium or fee shall be payable in connection with any prepayment of the Indebtedness from the Proceeds. In addition, if the Proceeds are applied to the Indebtedness because State Farm has determined that the Viability Requirements have not been satisfied, and provided no Event of Default is in existence and no event shall have occurred as of the date of prepayment of the remaining Indebtedness in full which, with the passage of time, the giving of notice or both, would constitute an Event of Default, Mortgagor may, at its option, pay the remaining Indebtedness in full (but not in part) without a premium or fee at any time within one hundred eighty (180) days after the date of such application.

(g) Notwithstanding anything contained herein to the contrary, in the event that the Taking is, in State Farm's determination, of such a nature that the Real Estate and the Improvements will not require Restoration, all Proceeds, after deducting therefrom the Collection Expenses, shall be applied in State Farm's sole discretion to installments of Indebtedness in the inverse order of their maturity, and provided no Event of Default is in existence and no event shall have occurred as of such date which, with the passage of time, the giving of notice or both, would constitute an Event of Default, no premium or fee shall be payable in connection with any prepayment of the Indebtedness from the Proceeds.

3.10. Restoration Using Proceeds.

(a) In the event State Farm elects (or is required hereby) to make any Proceeds available for Restoration, Mortgagor shall complete, in form and with supporting documentation reasonably required by State Farm, an estimate of the cost to repair or to restore the Real Estate and Improvements to the condition at least equal to the condition in which they existed prior to such damage, destruction or Taking, free from any security interest in, lien or encumbrance on, or reservation of title to, such Real Estate and Improvements.

(b) The Proceeds and, if applicable, other amounts payable by Mortgagor to State Farm necessary to complete Restoration shall be held by State Farm or if State Farm so desires, a disbursing agent selected by State Farm. Said Proceeds may be invested using Mortgagor's

taxpayer identification number in an interest bearing account mutually acceptable to Mortgagor and State Farm. The costs and expenses of administering disbursements shall be paid by Mortgagor. In the event the amount of the Proceeds are insufficient to cover the cost of Restoration, Mortgagor shall pay to State Farm upon demand the cost of Restoration in excess of the Proceeds, such excess to be held by State Farm with the Proceeds.

(c) Subject to State Farm's right to limit the number of disbursements, the Proceeds shall be disbursed from time to time upon State Farm's receipt of architect's certificates, waivers or subordinations of lien, contractor's sworn statements and such other evidence as State Farm or any disbursing agent may reasonably require to verify the cost and fact of the completion of the work included in said disbursement. Under no circumstances shall any portion of the Proceeds be released until State Farm has been reasonably assured that the Proceeds remaining after the requested disbursement will be sufficient to complete Restoration. No payment of Proceeds made prior to the final completion of Restoration shall exceed ninety percent (90%) of the value of the work performed from time to time. Any Proceeds remaining after Restoration shall be applied against the installments of Indebtedness in the inverse order of their maturity without any prepayment premium or fee (provided an Event of Default shall not then exist).

3.11. Restrictions on Transfer.

(a) Without the prior written consent of State Farm:

(i) Mortgagor shall not create, effect, contract for, commit or consent to, nor shall Mortgagor suffer or permit, any sale, conveyance, transfer, assignment, collateral assignment, lien, pledge, mortgage, security interest or other hypothecation, encumbrance or alienation (or any agreement to do any of the foregoing) (the foregoing being herein collectively, called a "Transfer") of the Secured Property, or any interest therein or title thereto (excepting, however, the sale or other disposition of Collateral (as defined in Section 6.1) no longer useful in connection with the operation of the Secured Property ("Obsolete Collateral"); provided, however, that prior to the sale or other disposition of Obsolete Collateral, such Obsolete Collateral shall have been replaced by Collateral of at least equal value and utility which is subject to the first and prior lien of this Mortgage, and further provided that nothing herein shall affect Mortgagor's rights with respect to Contested Liens;

(ii) Mortgagor shall not fail to pay when the same shall become due all lawful claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in or permit the creation of a lien on the Real Estate or Improvements or on the Rents arising therefrom except as permitted under Section 3.5 hereof;

(iii) [Reserved];

(iv) if Mortgagor is a corporation or limited liability company, any shareholder of such corporation or member of such limited liability company shall not Transfer any such shareholder's shares of such corporation or member's

membership interest in such limited liability company (provided, however, that if such corporation is a corporation whose stock is publicly traded on a national securities exchange or on the "Over The Counter" market, this subsection (iv) shall be inapplicable), it being specifically agreed that any such shareholder or member may not obtain mezzanine financing secured by such shareholder's shares or member's membership interest or otherwise;

(v) if Mortgagor is a partnership or joint venture, any general partner of such partnership or joint venturer of such joint venture shall not Transfer any such general partner's interest in such partnership or joint venturer's interest in such joint venture, it being specifically agreed that any such general partner or joint venturer may not obtain mezzanine financing secured by such partner's partnership interest or joint venturer's joint venture interest or otherwise; or

(vi) there shall not be any change in control (by way of Transfers of stock ownership, membership interests, partnership interests or otherwise) in any corporation, limited liability company or partnership constituting or included within Mortgagor which directly or indirectly controls any corporation, limited liability company or partnership constituting or included within Mortgagor that results in a change in the identity of the Person(s) in control of such entity.

(b) The foregoing provisions of this Section 3.11 shall not apply (i) to liens securing the Indebtedness; or (ii) to the lien of current Taxes not yet delinquent. The provisions of this Section 3.11 shall be operative with respect to, and shall be binding upon, any Person who, in accordance with the terms hereof or otherwise, shall acquire any part of or interest in or encumbrance upon the Secured Property, or such beneficial interest (whether stock, membership interest, partnership or joint venture interest or other beneficial interest) in Mortgagor. Any waiver by State Farm of the provisions of this Section 3.11 must be in writing and shall not be deemed to be a waiver of the right of State Farm in the future to insist upon strict compliance with the provisions of this Section 3.11.

(c) Upon the Transfer, without the prior written consent of State Farm, of (i) all or any part of the Secured Property; or (ii) any beneficial interest in Mortgagor if such Transfer is prohibited by Section 3.11 above, State Farm may, at its option, declare all of the sums secured by this Mortgage to be immediately due and payable.

(d) Notwithstanding anything contained herein to the contrary, prior written consent shall not be required for any Transfer of an interest in Mortgagor by any partner, member shareholder or beneficiary, as applicable, of Mortgagor where such Transfer: (i) results from death; (ii) is a Transfer made among the present partners, members, shareholders or beneficiaries, as applicable; or (iii) is made to immediate family members (spouses and children) or family trusts solely for the benefit of such family members for estate planning purposes. Any such Transfer shall be subject to the following conditions:

(i) Except for death, thirty (30) days prior written notice of such proposed Transfer shall be delivered to State Farm, together with (A) a description of the proposed sale or Transfer, including a description of the nature and amount(s) of

beneficial ownership interests proposed to be sold or transferred and a description of who owns the remainder not being transferred; (B) documentation related to the proposed transferee as required by State Farm in its sole and absolute discretion including, without limitation, organizational documents, certificates of existence and final ownership allocations; (C) copies of the Transfer documents pursuant to which the proposed Transfer is to be effected; and (D) any additional information reasonably requested by State Farm regarding the proposed Transfer and/or transferee;

(ii) Any such proposed sale or Transfer shall not be permitted to any Person who or which on the date of the proposed Transfer is in a bankruptcy, insolvency, reorganization or any other similar court or administrative proceeding;

(iii) No Event of Default shall be in existence under any of the Loan Documents on the date of such proposed sale or Transfer and no event shall have occurred or be in existence as of such date which, with the passage of time, the giving of notice or both, would constitute an Event of Default under any of the Loan Documents;

(iv) Any such sale or Transfer, if and when consummated, shall not release any Person from any liability or obligation to which it is otherwise liable or obligated, if any, under the terms of the Loan Documents;

(v) Mortgagor shall pay all of State Farm's expenses relating to the review and/or preparation of any documentation related to the proposed Transfer, including, without limitation, the fees and expenses of State Farm's outside counsel; and

(vi) After any such Transfer, Griffin Industrial Realty, Inc. must continue to maintain at least a one hundred percent (100%) direct or indirect ownership and controlling interest in Mortgagor.

(e) As used in Section 3.11(d) above and if Mortgagor is comprised of more than one entity, a "Transfer of an interest in Mortgagor" shall also include a Transfer of undivided interests in the Secured Property to other entities comprising Mortgagor, subject to the same qualifications and limitations, and satisfaction of the same requirements, set forth in Section 3.11(d) with respect to Transfers of beneficial interests in entities.

3.12. State Farm's Dealings with Transferee.

In the event State Farm gives its written consent to a sale or Transfer of all or any part of the Secured Property, whether by operation of law, voluntarily or otherwise, State Farm shall be authorized and empowered to deal with the Person to whom the Secured Property or any part thereof shall have been transferred with regard to the Secured Property, the Indebtedness and any of the terms or conditions of this Mortgage as fully and to the same extent as it might with the original Mortgagor, without in any way releasing or discharging the original Mortgagor from any

of its covenants under this Mortgage and without waiving State Farm's right of acceleration of the maturity of the Indebtedness as provided in this Mortgage or the Note.

3.13. Change in Tax Laws.

In the event of any change in, or change in the interpretation of, any applicable law regarding (a) the taxation of mortgages, deeds of trust or other security instruments or the debts secured thereby; or (b) the manner in which such taxes are collected, which change adversely affects State Farm, this Mortgage or any other Loan Document or the Indebtedness, Mortgagor shall promptly pay any such tax and otherwise compensate State Farm to the extent of such detriment; provided, however, that if Mortgagor fails to make such payment or if any such law prohibits Mortgagor from making such payment or would penalize State Farm in the event of such payment, State Farm may elect, by notice in writing given to Mortgagor, to declare all of the Indebtedness secured hereby to be and become due and payable, without any prepayment premium or fee, within sixty (60) days from the giving of such notice.

3.14. Inspection of Secured Property.

Subject to the rights of tenants under the Leases pursuant to the Leases, Mortgagor hereby grants to State Farm, its agents, employees, consultants and contractors the right to enter upon the Secured Property upon reasonable prior notice (except in the case of emergencies) for the purpose of making any and all inspections, reports, tests, inquiries and reviews as State Farm (in its sole and absolute discretion) deems necessary to assess the then current condition of the Secured Property or for the purpose of performing any other acts which State Farm is authorized to perform under this Mortgage or under the Environmental Indemnification Agreement executed by Mortgagor and Guarantor (if applicable) in connection with the Loan (the "**Environmental Indemnification Agreement**"). Mortgagor will cooperate with State Farm to facilitate each such entry and the accomplishment of such purposes.

3.15. Operating and Financial Statements.

Mortgagor shall deliver or cause to be delivered the following documents to State Farm:

(a) Within 45 days after the end of each six-month period in each fiscal year of Mortgagor during the term of the Loan (whether such fiscal year is a calendar year or otherwise), (i) semi-annual operating statements showing all elements of income and expense of the Secured Property dated as of the last day of such period; and (ii) a current rent roll for the Secured Property, which shall include gross sales of each tenant, if any, paying percentage rental;

(b) Within 120 days after the end of each fiscal year of Mortgagor and any Guarantor, annual financial statements (consisting of a balance sheet and an income and expense statement) for Mortgagor and such Guarantor;

(c) Within 120 days after the end of each fiscal year of Mortgagor, annual financial statements (consisting of a balance sheet and an income and expense statement) for any tenant under a Lease (to the extent Mortgagor receives same from such tenant) that provides that such

tenant may self-insure on any insurance otherwise required to be obtained by Mortgagor under this Mortgage;

(d) Promptly after receipt thereof, any financial statements received by Mortgagor from any tenant under a Major Lease;

(e) Such other financial statements as are required by the Loan Agreement; and

(f) Promptly after request therefor, such other information (financial or otherwise) concerning the Secured Property, Mortgagor or Guarantor, or its or their constituent entities, as State Farm may reasonably request.

All such financial statements and information shall be prepared in accordance with generally accepted accounting principles consistently applied, shall otherwise be satisfactory to State Farm and shall be certified by an authorized person, member, partner or officer of Mortgagor or Guarantor, as applicable, approved by State Farm, which approval shall not be unreasonably withheld.

State Farm and its representatives shall have the right, at all reasonable times and upon reasonable notice, to examine and make copies of Mortgagor's plans, books, records, income tax returns and all supporting data concerning Mortgagor or the Secured Property. Mortgagor will assist State Farm and its representatives in conducting any such examination.

3.16. Declaration of Subordination.

At the option of State Farm, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any Award) to any and all Leases of all or any part of the Secured Property upon the execution by State Farm and recording thereof, at any time hereafter and in the appropriate official records of the municipality wherein the Real Estate is situated, of a unilateral declaration to that effect.

3.17. Usury.

State Farm intends that Mortgagor shall not be required to pay, and State Farm shall not be entitled to receive or collect, interest in excess of the maximum legal rate permitted under applicable usury laws. In the event State Farm or any court determines that any charge, fee or interest paid or agreed to be paid in connection with the Loan may, under applicable usury laws, cause the interest rate on the Loan to exceed the maximum rate permitted by law, such charges, fees or interest shall be reduced to the maximum rate permitted by law and any amounts actually paid in excess of such maximum rate permitted by law shall, at State Farm's option, be applied by State Farm to reduce the outstanding principal balance of the Loan or repaid by State Farm directly to Mortgagor.

3.18. Lease Obligations.

(a) As further security for the payment of the Indebtedness, Mortgagor has, pursuant to this Mortgage and by separate Assignment of Rents and Leases of even date herewith, sold, transferred and assigned to State Farm, its successors and assigns, all of Mortgagor's right, title and interest, as landlord, in, to and under the Leases.

(b) The following definitions shall be applicable to all Leases of the Secured Property now or hereafter existing:

(i) **“Major Leases”**: Leases approved by State Farm in the Project (as defined in the Loan Agreement) that demise 234,000 square feet or more and have a lease term of at least twelve (12) years and six (6) months (with no termination options during such term), together with all extensions, renewals, amendments, modifications, replacements and substitutions therefor; provided, however, a replacement or substitution for a Major Lease shall in turn be deemed a “Major Lease” only if such replacement or substitution demises 234,000 square feet or more and has a lease term of at least twelve (12) years and six (6) months (with no termination options during such term). As of the date hereof, the following Leases constitute Major Leases:

<u>Name of Tenant</u>	<u>Date of Lease</u>	<u>Total Square Footage</u>
Ford Motor Company	October 18, 2017	234,000

(ii) **“Minor Leases”**: Leases that are not Major Leases; provided, however, if any Minor Lease, after modification, meets the definition of a Major Lease, such Minor Lease shall thereupon become a Major Lease.

(c) State Farm shall have the right to impose a **Servicing Fee** (as defined in Section 7.15 hereof) in connection with the review of any documentation submitted for State Farm’s approval hereunder. Mortgagor shall also be responsible for the payment of all fees and expenses of State Farm’s outside counsel in the event State Farm, in its sole discretion, shall determine that the assistance of outside counsel is necessary or appropriate.

(d) Mortgagor covenants and agrees to keep, observe and perform and to require all tenants of the Secured Property to keep, observe and perform all the covenants, agreements and provisions of any present or future Leases of the Secured Property on their respective parts to be kept, observed and performed. If Mortgagor shall neglect or refuse to so perform or fail to require such tenants to so perform, State Farm may, at its option, itself perform and comply or require performance or compliance by such tenants with any such Lease covenants, agreements and provisions. Any sums expended by State Farm in performance of or compliance with such Leases or in enforcing performance of or compliance with such Leases by the tenants, including costs and expenses and reasonable attorneys’ fees, shall be paid to State Farm by Mortgagor upon demand with interest thereon at the Default Rate from the date of such payments and, in the absence of such payment, all such sums shall be deemed to be and become part of the Indebtedness secured by this Mortgage.

(e) Mortgagor expressly covenants and agrees that if Mortgagor, as landlord under the Major Leases:

(i) fails to perform and fulfill any material term, covenant, condition or provision in any Major Lease on its part to be performed or fulfilled, at the times and in the manner provided in such Major Lease;

(ii) does or permits to be done anything to impair the value of any Major Lease as security for the Indebtedness, including, without limitation, voluntary surrender or termination;

(iii) fails to enforce all of the material terms, covenants and conditions required to be performed by a tenant under any Major Lease;

(iv) fails to pursue its remedies under any Major Lease (short of voluntary surrender or termination) following a material breach or default by the tenant thereunder; or

(v) without State Farm's prior written consent, permits or approves an assignment by any tenant under any Major Lease or a subletting of all or any part of the Secured Property demised in any Major Lease (other than in accordance with the terms of the applicable Major Lease previously approved by State Farm);

then, upon the occurrence of any such actions or inactions referenced in (i) through (v) above, at the option of State Farm, and with written notice to Mortgagor, an Event of Default shall be deemed to have occurred hereunder and at the option of State Farm, all unpaid Indebtedness secured by this Mortgage shall, notwithstanding anything in the Note, this Mortgage or the other Loan Documents to the contrary, become due and payable as in the case of other Events of Default.

3.19. Environmental Compliance.

Mortgagor hereby agrees to comply and cause all tenants of the Secured Property to comply with any and all federal, state or local laws, rules and regulations relating to environmental protection including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986 and such other legislation, rules and regulations as are in or may hereafter come into effect and apply to Mortgagor, State Farm, the Loan or the Secured Property or any occupants thereof, whether as lessees, tenants, licensees or otherwise. Mortgagor shall defend, indemnify and save and hold State Farm harmless from and against any and all claims, costs or expenses relating to such environmental protection provisions notwithstanding any exculpatory or limitation of liability provisions contained in this Mortgage and the other Loan Documents.

3.20. Further Assurances.

(a) Mortgagor shall do all acts necessary to keep valid and effective the liens and security interests created by this Mortgage and the security intended to be afforded by the Loan Documents and to carry into effect their objectives.

(b) Without limiting the generality of the foregoing, Mortgagor shall promptly and, insofar as not contrary to applicable law, at Mortgagor's expense, execute, record, rerecord, file and refile in such offices, at such times and as often as may be necessary, this Mortgage, additional mortgages, security agreements and every other instrument in addition to or supplemental hereto,

including applicable financing statements, continuation statements, affidavits or certificates as may be necessary to create, perfect, maintain, continue, extend and/or preserve the liens, encumbrances and security interests intended to be granted and created in and by the Loan Documents and the rights and remedies of State Farm and Mortgagor thereunder. Upon request of State Farm, Mortgagor shall promptly supply evidence of fulfillment of the foregoing acts and further assurances.

3.21. Change of Name, Identity or Structure.

Except as may be expressly set forth in this Mortgage, without giving State Farm at least thirty (30) days' prior written notice, Mortgagor shall not change: (a) its jurisdiction of organization; (b) the location of its place of business (or chief executive office if more than one place of business); or (c) its name or identity (including its trade name or names). In addition, if Mortgagor is an entity, Mortgagor shall not change its structure or legal status without first obtaining the prior written consent of State Farm.

3.22. Substitute Guarantor.

Within one hundred eighty (180) days (30 days if prior to Conversion) after the death of any individual Guarantor, or within ninety (90) days (30 days if prior to Conversion) after the dissolution or cessation of business of an entity Guarantor (such entity Guarantor being herein called a "dissolved Guarantor"), Mortgagor shall propose in writing to State Farm the name of a Person to act as a successor guarantor (the "**Successor Guarantor**") and to assume all of the obligations and liabilities of the deceased or dissolved Guarantor under the Loan Documents, including, without limitation, the obligations and liabilities in Section 7.13 below that are personal obligations and liabilities of Guarantor and Mortgagor. The proposed Successor Guarantor's identity, composition, financial condition and creditworthiness, experience, character and business reputation shall be reasonably acceptable to State Farm. If the proposed Successor Guarantor is acceptable to State Farm, the Successor Guarantor shall promptly, and in no event more than two hundred seventy (270) days (45 days if prior to Conversion) following the death of an individual Guarantor or one hundred eighty (180) days (45 days if prior to Conversion) following the dissolution or cessation of business of an entity Guarantor, as applicable, execute all documents and instruments reasonably requested by State Farm to assume all of the obligations and liabilities of the deceased or dissolved Guarantor under the Loan Documents (the "**Guaranty Documents**"). Mortgagor shall pay all costs and expenses incurred by State Farm relating to the approval of the proposed Successor Guarantor and the preparation and review of the Guaranty Documents, including, without limitation, the fees and expenses of State Farm's outside counsel. The provisions of this Section 3.22 shall also apply in the event of the death of any individual Successor Guarantor or the dissolution or cessation of business of any entity Successor Guarantor.

3.23. Management of Secured Property.

The Secured Property shall be managed in a first-class manner by either: (a) Mortgagor or an entity affiliated with Mortgagor and approved by State Farm; or (b) a professional property management company approved by State Farm. The management of the Secured Property by a Mortgagor-affiliated entity or a professional property management company (in either case, a "**Manager**") shall be pursuant to a written agreement approved by State Farm (the "**Management**").

Agreement”). In no event shall any Manager be removed or replaced or the terms of any Management Agreement modified or amended without the prior written consent of State Farm. Following an Event of Default, State Farm shall have the right to terminate the Management Agreement or to direct Mortgagor to retain a new Manager approved by State Farm. Approvals required by State Farm under this Section 3.23 shall not be unreasonably withheld, conditioned or delayed.

Article IV. EVENTS OF DEFAULT

4.1. Defaults.

It shall constitute an event of default (“**Event of Default**”) of and under this Mortgage and, at the option of State Farm, under the other Loan Documents, if any of the following events shall occur:

(a) Mortgagor shall fail to pay on the dates or within the times required any of the Indebtedness, including the payment of principal and/or interest under the Note;

(b) Mortgagor shall fail to timely observe, perform or discharge any of the non-monetary Obligations, other than a non-monetary obligation described in any other clause in this Article Four, and any such failure shall remain uncured for thirty (30) days or such lesser period as may be otherwise specified in the applicable Loan Document (the “Grace Period”) after notice to Mortgagor of the occurrence of such failure; provided, however, that State Farm shall extend any applicable Grace Period up to ninety (90) days if State Farm determines in good faith that: (i) such default cannot reasonably be cured within such Grace Period but can be cured within ninety (90) days; (ii) no lien or security interest created by the Loan Documents shall be impaired prior to the anticipated completion of such cure; and (iii) State Farm’s immediate exercise of any remedies provided in this Mortgage or by law is not necessary for the protection or preservation of the Secured Property or State Farm’s security interest therein or lien thereon, and Mortgagor shall immediately commence and diligently pursue the cure of such default;

(c) Mortgagor, as landlord or sublandlord, as the case may be, shall assign or otherwise encumber the Rents or any interest therein without first obtaining the written consent of State Farm;

(d) Mortgagor shall, after the expiration of all applicable grace or cure periods, default or be in default under any agreement, other than the Loan Documents, which (i) is secured by a lien on the Secured Property that is junior and subordinate to this Mortgage (regardless of whether such lien was obtained with the prior written consent of State Farm); (ii) is secured by a lien on the respective interests of the constituent entities in Mortgagor (regardless of whether such lien was obtained with the prior written consent of State Farm); or (iii) would, as a result of such default, subject the Secured Property to any mechanics’, materialmen’s or other lien or claim of lien, other than a lien that constitutes a Contested Lien pursuant to Section 3.5 above;

(e) Should any representation or warranty made by Mortgagor in, under or pursuant to any of the Loan Documents be false or misleading in any material respect as of the date on which such representation or warranty was made or deemed remade;

(f) Should any of the Loan Documents cease to be in full force and effect or be declared null and void, or cease to constitute valid and subsisting liens and/or valid and perfected security interests in, to or upon the Secured Property;

(g) Should any violation of Section 3.11 hereof occur or should any other event occur which, under the terms of the Loan Documents, would permit State Farm to accelerate the maturity of the Indebtedness;

(h) Should Mortgagor fail at any time to satisfy the requirements of Section 3.7 and such failure shall continue for fifteen (15) days after written notice thereof;

(i) Should any Liable Party (as defined in Section 7.13 hereof) (A) generally not pay its debts as they become due; (B) admit in writing its inability to pay its debts; or (C) make a general assignment for the benefit of creditors;

(j) Should any Liable Party commence any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it and its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking to have an order for relief entered against it as debtor, or seeking appointment of a receiver for it or for all or any substantial part of its property (collectively, a "Proceeding");

(k) Should any Liable Party take an action to authorize any of the actions set forth above in subsections (i) or (j) of this Section 4.1;

(l) Should any Proceeding be commenced against any Liable Party, and such Proceeding result in the entry of an order for relief against it which is not fully stayed within fifteen (15) business days after the entry thereof or remain undismissed for a period of ninety (90) days;

(m) Should (i) a final judgment, other than a final judgment in connection with any condemnation, including any judgment or other final determination of any contest permitted by Section 3.5 of this Mortgage, be entered against Mortgagor that (A) adversely affects the value, use or operation of the Secured Property; or (B) adversely affects, or reasonably may tend to adversely affect, the validity, enforceability or priority of the liens or security interests created in and by this Mortgage, or the other Loan Documents, or both; or (ii) execution or other final process issue on any judgment with respect to the Secured Property, and Mortgagor shall fail to discharge the same, or provide for its discharge in accordance with its terms, or procure a stay of execution thereon in any event within thirty (30) days from entry, or should Mortgagor not within such period, or such longer period during which execution on such judgment shall have been stayed, appeal therefrom or from the order, decree or process upon or pursuant to which such judgment shall have been entered and cause its execution to be stayed during such appeal, or if on appeal, such order, decree or process shall be affirmed and Mortgagor shall not discharge such judgment or provide for its discharge in accordance with its terms within thirty (30) days after the entry of such order or decree of affirmation, or if any stay of execution on appeal is released or otherwise discharged: or

(n) Should a Successor Guarantor fail to execute and deliver to State Farm all Guaranty Documents reasonably requested by State Farm necessary to assume all of the obligations and

liabilities of the deceased or dissolved Guarantor under the Loan Documents within two hundred seventy (270) days following the death of an individual Guarantor or one hundred eighty (180) days following the dissolution or cessation of business of an entity Guarantor, as applicable.

Article V. REMEDIES

5.1. Remedies.

(a) Upon the occurrence of an Event of Default, State Farm, at its option, may at any time thereafter declare the entire Indebtedness to be immediately due and payable and the same shall thereupon become immediately due and payable, without any further presentment, demand, protest or notice of any kind being required and State Farm, at its option and in its sole discretion, shall also be entitled to do any of the following:

(i) (A) to the extent permitted by applicable law, in person, by agent or by a receiver, without regard to the adequacy of security, the solvency of Mortgagor or the condition of the Secured Property, without obligation to do so and without notice to or demand upon Mortgagor, enter upon and take possession of the Secured Property or any part thereof in its own name or in the name of a trustee and do any acts which State Farm deems necessary to preserve the value or marketability of the Secured Property; (B) sue for or otherwise collect the Rents and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, against the Indebtedness, all in such order as State Farm may determine; (C) appear in and defend any action or proceeding purporting to affect, in any manner whatsoever, the Indebtedness, the security hereof or the rights or powers of State Farm; (D) pay, purchase or compromise any encumbrance, charge or lien that in the judgment of State Farm is prior or superior hereto; and (E) in exercising any such powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees;

(ii) to the extent permitted by applicable law, as a matter of strict right and without notice to Mortgagor or anyone claiming under Mortgagor, and without regard to: (A) the solvency of Mortgagor; (B) whether there has been or may be any impairment of or diminution in the value of the Secured Property; or (C) whether the amount of the Indebtedness exceeds the then value of the Secured Property, apply ex parte to any court having jurisdiction to appoint a receiver to enter upon and take possession of the Secured Property and Mortgagor hereby waives notice of any application therefor, provided, if required by law, a hearing to confirm such appointment with notice to Mortgagor is set within the time required by law (any such receiver shall have all the powers and duties of receivers in similar cases and all the powers and duties of State Farm in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale, unless such receivership is sooner terminated);

(iii) commence an action to foreclose this Mortgage in the manner provided in this Mortgage or by law; and

(iv) with respect to any Collateral, proceed as to both the real and personal property in accordance with State Farm's rights and remedies in respect of the Real Estate and Improvements, or proceed to sell said Collateral separately and without regard to the Real Estate and Improvements in accordance with State Farm's rights and remedies with respect to the Collateral.

(b) In (i) any action to foreclose the lien of this Mortgage or enforce any other remedy of State Farm under any of the Loan Documents; or (ii) any other proceeding whatsoever in connection with any of the Loan Documents or the Secured Property in which State Farm is named as a party, there shall be allowed and included, as additional indebtedness in the judgment or decree for sale resulting therefrom, all expenses paid or incurred in connection with such proceeding by or on behalf of State Farm including, without limitation, attorneys' and paralegals' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, land and environmental survey costs, and costs (which may be estimated as to items to be expended after entry of such judgment or decree) of procuring all abstracts of title, title certificates, title searches and examinations, title insurance policies, Torrens certificates and any similar data and assurances with respect to the title to the Secured Property as State Farm may deem reasonably necessary either to prosecute or defend in such proceeding or to evidence to bidders at any sale pursuant to such decree the true condition of the title to or value of the Secured Property. All expenses and fees of the foregoing nature and such expenses and fees as may be incurred in the protection of the Secured Property and the maintenance of the lien of this Mortgage thereon in any litigation affecting the Loan Documents or the Secured Property, including probate and bankruptcy proceedings, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding in connection therewith, shall upon demand of State Farm be immediately due and payable by Mortgagor with interest thereon at the Default Rate from the date of prepayment of such expenses and fees and shall become a part of the Indebtedness secured by this Mortgage.

(c) Unless otherwise provided herein, if Mortgagor shall at any time fail to perform or comply with any of the terms, covenants and conditions required on Mortgagor's part to be performed and complied with under any of the Loan Documents or any other agreement that, under the terms of this Mortgage, Mortgagor is required to perform, State Farm may, at its option and in its sole discretion:

(i) make any payments hereunder or thereunder payable by Mortgagor; and/or

(ii) after the expiration of any applicable grace period and subject to Mortgagor's right to contest certain Obligations specifically granted in this Mortgage, perform any such other acts thereunder on part of Mortgagor to be performed and enter upon the Secured Property for such purpose.

(d) To the extent permitted by applicable law, in any foreclosure sale of the Secured Property, the Secured Property, including the Real Estate and Improvements, may be sold in one parcel (i.e. as a single entity) or in two or more parcels and, otherwise, in such manner or order as State Farm, in its sole discretion, may elect or as the court having jurisdiction over such foreclosure sale may otherwise order or direct.

(e) The proceeds of any foreclosure sale of the Secured Property shall be distributed and applied in accordance with the applicable law of the State of Connecticut or as otherwise directed by order of the court in which this Mortgage is foreclosed.

(f) All remedies of State Farm provided for herein are cumulative and shall be in addition to any and all other rights and remedies provided in the other Loan Documents or by law, including any right of offset. The exercise of any right or remedy by State Farm hereunder shall not in any way constitute a cure or waiver of any default or Event of Default hereunder or under the Loan Documents, invalidate any act done pursuant to any notice of default or prejudice State Farm in the exercise of any of its rights hereunder or under the Loan Documents.

(g) To the extent permitted by law, Mortgagor hereby waives its right of redemption in the event of foreclosure.

(h) Notwithstanding anything herein to the contrary, in the event of (i) a Transfer of all or any portion of the Secured Property by Mortgagor or a Transfer of fifty percent (50%) or more of the interests in the entity (or entities) comprising Mortgagor, each without the prior written consent of State Farm or in violation of Section 3.11 hereof; and/or (ii) the occurrence of any of the bankruptcy-related Events of Default under Sections 4.1(i)(C), 4.1(j), 4.1(k) (solely with respect to authorizing the action set forth in Section 4.1(i)(C)) or 4.1(l) of this Mortgage, in addition to the remedies specified in this Article Five, Mortgagor and Guarantor shall immediately and automatically be and become personally liable for the payment of the Indebtedness.

Article VI. SECURITY AGREEMENT AND FIXTURE FILING

6.1. Security Agreement.

Mortgagor hereby assigns and grants to State Farm a first priority present security interest in and to the Rents, Contract Rights, Intangible Personal Property, Tangible Personal Property, Proceeds, Right to Encumber and Other Rights and Interests described in Article Two and in and to any other part or component of the Secured Property which may not be deemed real property or which may not constitute a “fixture” (within the meaning of the **Code** as defined in this Section 6.1), and all replacements, substitutions and additions of, for and to the same and the proceeds thereof (collectively, the “**Collateral**”) in order to secure payment of the Indebtedness and performance by Mortgagor of the other Obligations. This Mortgage shall constitute a Security Agreement within the meaning of the Uniform Commercial Code (the “**Code**”) of the State in which the Real Estate is located.

6.2. Fixture Filing.

This Mortgage, upon recording or registration in the real estate records of the proper office, shall constitute a “fixture filing” within the meaning of the Code with respect to any and all fixtures included within the foregoing description and definition of the Secured Property and any Collateral that may now be or hereafter become “fixtures” within the meaning of the Code. With respect to goods that become fixtures after the recording of this Mortgage and before the completion of construction of the Improvements, this Mortgage is, and shall be construed to be, a “Construction Mortgage” under the Code, and any mortgage given to refinance this Mortgage shall be, and shall

be construed to be, a mortgage given to refinance a construction mortgage. For purposes of this Article 6, Mortgagor shall be the “Debtor” and State Farm shall be the “Secured Party.”

6.3. Remedies.

If any Event of Default occurs under this Mortgage, State Farm, in addition to its other rights and remedies provided under this Mortgage, shall have all the rights and remedies available to a secured party under the Code as well as all other rights and remedies available at law or in equity. Mortgagor upon request by State Farm will assemble the Collateral and make it available to State Farm at a place State Farm designates to allow State Farm to take possession or dispose of the Collateral. Mortgagor agrees that ten (10) days prior written notice of the time and place of the sale of the Collateral, sent to Mortgagor in the manner provided for the mailing of notices herein, is reasonable notice to Mortgagor. The sale of the Collateral may be conducted by an employee or agent of State Farm and any Person, including both Mortgagor and State Farm, shall be eligible to purchase any part or all of the Collateral at the sale. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by State Farm shall include, without limitation, attorneys’ and paralegals’ fees and legal expenses incurred by State Farm, and shall be paid by Mortgagor.

6.4. Waivers.

Mortgagor waives any right to require State Farm to (a) proceed against any Person; (b) proceed against or exhaust any Collateral; or (c) pursue any other remedy in its power. Mortgagor further waives any defense arising by reason of any power and any defense arising by reason of any disability or other defense of Mortgagor or any other Person, or by reason of the cessation from any cause whatsoever of the liability of Mortgagor or any other Person. Until the Indebtedness shall have been paid in full, Mortgagor shall not have any right to subrogation and Mortgagor waives any right to enforce any remedy which Mortgagor now has or may hereafter have against State Farm or against any other Person and waives any benefit of and any right to participate in any Collateral or security whatsoever now or hereafter held by State Farm for or with respect to the Indebtedness and/or the Obligations.

6.5. Authorization.

Mortgagor hereby authorizes State Farm at any time and from time to time during the life of the Loan to file in any filing office in any Code jurisdiction any financing statements, amendments or addendums thereto and continuation statements (the “**UCC Documents**”) in order to perfect or continue the perfection of any security interest granted under this Mortgage or any of the other Loan Documents. Mortgagor agrees to provide any information needed to complete such UCC Documents to State Farm promptly upon request. Mortgagor shall pay to State Farm, within five (5) business days of written demand, any and all costs and expenses incurred by State Farm in connection with the preparation, processing and filing of any such UCC Documents, including reasonable attorneys’ fees and all disbursements. Such costs and expenses shall bear interest at the Default Rate from the date paid by State Farm until the date repaid by Mortgagor and such costs and expenses, together with such interest, shall be part of the Indebtedness and shall be secured by this Mortgage.

6.6. Preservation of Mortgagor's Existence.

Mortgagor shall do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges under the laws of the state of its formation and of the State of Connecticut.

6.7. Notice of Change of Location of Collateral.

Without giving at least thirty (30) days' prior written notice to State Farm, Mortgagor shall not add to or change any location at which any of the Collateral is stored, held or located.

Article VII. MISCELLANEOUS

7.1. Notices, Consents, and Approvals.

Any notice, consent or approval that State Farm or Mortgagor may desire or be required to give to the other shall be in writing and shall be mailed or delivered to the intended recipient thereof at its address set forth below or at such other address as such intended recipient may from time to time by notice in writing designate to the sender pursuant hereto. Any such notice, consent or approval shall be deemed effective if given (a) by nationally recognized overnight courier for next day delivery three (3) business days after delivery to such courier; (b) by United States mail (registered or certified), three (3) business days after such communication is deposited in the mails; or (c) in person, when written acknowledgment of receipt thereof is given. Except as otherwise specifically required herein, notice of the exercise of any right or option granted to State Farm by this Mortgage is not required to be given.

(a) If to State Farm:

State Farm Life Insurance Company
One State Farm Plaza
Bloomington, Illinois 61710
Attn: Corporate Law-Investments, A-3
Loan No. 14584

and

McCarter & English, LLP
Four Gateway Center
100 Mulberry Street
Newark, New Jersey 07102
Attn: Jeffrey A. Petit, Esq.

(b) If to Mortgagor:

Tradeport Development VI, LLC
c/o Griffin Industrial Realty, Inc.
641 Lexington Avenue, 26th Floor
New York, New York 10022
Attn: Michael S. Gamzon

and

Griffin Industrial Realty, Inc.
204 West Newberry Road
Bloomfield, Connecticut 06002
Attn: Anthony J. Galici

and

Murtha Cullina, LLP
CityPlace I
185 Asylum Street
Hartford, Connecticut 06103-3469
Attn: Thomas A. Daniells, Esq.

Either party's failure to give a copy of any notice to the intended recipient's counsel shall not invalidate any notice given to the intended recipient hereunder.

7.2. Time of Essence.

It is specifically agreed that time is of the essence for all of the terms and provisions contained in this Mortgage.

7.3. Covenants of Mortgage Run with Title to the Real Estate.

The Obligations set forth in this Mortgage are intended as, shall be deemed and are hereby declared to be covenants running with the title to the land which constitutes the Real Estate and any and all portions(s) thereof, and such Obligations shall be binding upon and enforceable by the owner and holder of this Mortgage personally against Mortgagor and any successor in title to Mortgagor who or which shall acquire and/or hold title to the Real Estate while the same is subject to and encumbered by this Mortgage. Every Person that shall have, claim, own, hold, accept or otherwise acquire title to the Real Estate, whether or not such title is reflected in the public records of the State and Municipality in which the Real Estate is located, shall be conclusively presumed and deemed to have consented and agreed to personally perform each and every covenant and obligation of Mortgagor contained in this Mortgage, to the same extent as the original Mortgagor, whether or not any reference to this Mortgage is contained in the document or instrument pursuant to which such Person shall have acquired title to the Real Estate and whether or not such Person

shall have expressly agreed in writing to assume or perform the Obligations of Mortgagor contained in this Mortgage.

7.4. Governing Law.

This Mortgage shall be governed by, and construed in accordance with, the laws of the State of Connecticut without regard to conflict of laws principles. To the extent that this Mortgage may operate as a security agreement under the Code, State Farm shall have all rights and remedies conferred therein for the benefit of a Secured Party.

7.5. Severability.

If any provision of this Mortgage, or any paragraph, sentence, clause, phrase or word, or the application thereof, in any circumstance, is held invalid, the validity of the remainder of this Mortgage shall be construed as if such invalid part were never included herein.

7.6. Headings.

The headings of articles, sections, paragraphs and subparagraphs in this Mortgage are for convenience of reference only and shall not be construed in any way to limit or define the content, scope or intent of the provisions hereof.

7.7. Grammar.

As used in this Mortgage, the singular shall include the plural, and masculine, feminine and neuter pronouns shall be fully interchangeable, where the context so requires.

7.8. Deed in Trust.

If title to the Secured Property or any part thereof is now or hereafter becomes vested in a trustee, any prohibition or restriction contained herein against the creation of any lien on the Secured Property shall be construed as a similar prohibition or restriction against the creation of any lien on or security interest in the beneficial interest of such trust.

7.9. Successors and Assigns.

This Mortgage, and all provisions hereof, shall be binding upon and enforceable against Mortgagor, its successors, assigns and all other Persons claiming under or through Mortgagor and the word "Mortgagor" when used herein shall include all such Persons and any others liable for the payment of the Indebtedness or any part thereof, whether or not they have executed the Note or this Mortgage. The words "State Farm" when used herein shall include State Farm's successors and assigns, including all other holders, from time to time, of the Note.

7.10. No Oral Change.

This Mortgage may only be modified, amended or changed by an instrument in writing signed by Mortgagor and State Farm and may only be released, discharged or satisfied of record by an instrument in writing signed by State Farm. No waiver of any term, covenant, condition or

provision of this Mortgage shall be effective unless given in writing by State Farm, and if so given by State Farm shall only be effective in the specific instance in which given.

7.11. Entire Agreement.

This Mortgage and the other Loan Documents supersede, in all respects, all prior written or oral agreements between Mortgagor and State Farm relating to the Loan, this Mortgage and the other Loan Documents (including, without limitation, the Loan Application submitted by Mortgagor to State Farm in connection with the Loan) and there are no agreements, understandings, warranties or representations between the parties except as set forth in this Mortgage and the other Loan Documents.

7.12. Construction.

Mortgagor acknowledges that Mortgagor and Mortgagor's counsel have reviewed this Mortgage and the other Loan Documents and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the construction or interpretation of this Mortgage or the other Loan Documents or any amendments or schedules to any of the foregoing.

7.13. Limitation of Liability.

The provisions of Section 7.14 of the Loan Agreement are hereby incorporated by reference into this Mortgage to the same extent and with the same force as if fully set forth herein.

7.14. Waiver of Trial by Jury.

MORTGAGOR (AND STATE FARM BY ITS ACCEPTANCE HEREOF) EACH HEREBY COVENANTS AND AGREES THAT, IN CONNECTION WITH ANY DISPUTE ARISING UNDER THIS AGREEMENT OR UNDER ANY OF THE OTHER LOAN DOCUMENTS, IT SHALL NOT ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY AND HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN, KNOWINGLY AND VOLUNTARILY, BY MORTGAGOR AND STATE FARM (BY ITS ACCEPTANCE HEREOF), AND THIS WAIVER IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A JURY TRIAL WOULD OTHERWISE ACCRUE. STATE FARM AND BORROWER ARE EACH HEREBY AUTHORIZED AND REQUESTED TO SUBMIT THIS AGREEMENT TO ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND THE PARTIES HERETO, SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF THE FOREGOING WAIVER OF THE RIGHT TO JURY TRIAL. FURTHER, MORTGAGOR HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF STATE FARM, INCLUDING STATE FARM'S COUNSEL, HAS REPRESENTED, EXPRESSLY OR OTHERWISE, TO ANY OF THE UNDERSIGNED THAT STATE FARM WILL NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT OF JURY TRIAL PROVISION.

7.15. Servicing Fees and Expenses.

Mortgagor acknowledges and agrees that State Farm shall impose certain reasonable administrative processing fees (the “**Servicing Fees**”) in connection with (a) the extension, renewal, modification, amendment and termination of the Loan Documents; (b) the release or substitution of collateral therefor; (c) the consideration of any consents, waivers and approvals with respect to the Secured Property or Mortgagor; (d) the review of any Lease or proposed Lease or the preparation or review of any tenant estoppel certificate or any subordination, nondisturbance and attornment agreement; or (e) any other services provided by State Farm or any of its agents to or on behalf of Mortgagor in connection with the Secured Property, the Loan Documents or the Indebtedness secured thereby (the occurrence of any of the foregoing shall hereafter be referred to as a “**Servicing Action**”). Mortgagor hereby acknowledges and agrees to pay, immediately, upon demand, all such Servicing Fees (as the same may be increased or decreased from time to time), and any additional fees of a similar type or nature that may be imposed by State Farm from time to time in connection with a Servicing Action. Mortgagor shall also be responsible for the payment of all fees and expenses of State Farm’s outside counsel in the event that State Farm, in its sole discretion, shall determine that the assistance of an outside attorney is necessary or appropriate to accomplish the Servicing Action.

7.16. Subrogation.

To the extent the proceeds of the Indebtedness are used to pay any outstanding lien, charge or encumbrance affecting the Secured Property (including, without limiting the generality of the foregoing, any prior lien), State Farm shall be subrogated to all rights, interests and liens owned or held by any owner or holder of such outstanding liens, charges and encumbrances, irrespective of whether such liens, charges or encumbrances are released of record; provided, however, the terms and provisions hereof shall govern the rights and remedies of State Farm and, to the extent permitted by law without impairing any of State Farm’s rights of subrogation, shall supersede the terms, provisions, rights and remedies under the lien or liens to which State Farm is subrogated hereunder.

7.17. Modifications and Extensions.

Mortgagor and State Farm may agree to (a) extend the time for payment of all or any part of the Indebtedness; (b) reduce, rearrange or otherwise modify the terms of payment thereof; (c) accept a renewal note or notes therefor; and (d) otherwise deal with the Secured Property or the Loan Documents, all without notice to or the consent of any junior lienholder or any other Person having an interest in the Secured Property and/or Collateral subordinate to the lien of this Mortgage and without the consent of Mortgagor if Mortgagor has then parted with title to the Secured Property and/or Collateral. No such extension, reduction, modification, renewal or dealing shall affect the priority of this Mortgage or release any liability of Mortgagor or any other Person or impair the security hereof in any manner whatsoever.

7.18. Receipt of Copy.

Mortgagor acknowledges receipt of a copy of the Note and this Mortgage furnished without charge to Mortgagor.

7.19. No Offset for Taxes.

Mortgagor shall not claim any offset against the Indebtedness on account of the payment of real estate taxes.

**ARTICLE EIGHT
STATE-SPECIFIC PROVISIONS**

8.1. Conflicts With Preceding Provisions.

In the event of any conflict between the provisions of this Article Eight and any provision of the preceding provisions of this Mortgage, then the provisions of this Article Eight shall control.

8.2. Loan for Commercial Purposes.

Mortgagor is organized for a profit and is engaged primarily in commercial, manufacturing, industrial or other nonconsumer pursuits (within the meaning of Section 37-9 of the Connecticut General Statutes). Without limiting the generality of the foregoing, the proceeds of the Loan will be utilized in Mortgagor's business or investment activities, and no portion of such proceeds will be utilized for any personal, family or household purchases, acquisitions or uses or for any other consumer purposes. Mortgagor represents, warrants and acknowledges that the transaction of which this Mortgage is a part is a commercial transaction and not a consumer transaction.

8.3. Prejudgment Remedy Waiver.

MORTGAGOR ACKNOWLEDGES THAT THE LOAN BEING MADE IS FOR COMMERCIAL PURPOSES AND, IN ADDITION TO AND NOT IN LIMITATION OF ANY OTHER PROVISIONS OF THIS MORTGAGE OR ANY OTHER LOAN DOCUMENTS OR UNDER LAW FOR THE BENEFIT OF STATE FARM, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY RIGHT TO PRIOR NOTICE AND PRIOR HEARING UNDER SECTIONS 52-278a THROUGH 52-278n OF THE CONNECTICUT GENERAL STATUTES AS NOW OR HEREAFTER AMENDED AND AUTHORIZES STATE FARM OR ITS ATTORNEY, OR ANY SUCCESSOR THERETO, TO ISSUE A WRIT OF PREJUDGMENT REMEDY WITHOUT COURT ORDER. FURTHER, MORTGAGOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY LAW, BUT EXCLUDING PROCEDURES THAT ARE PART OF THE STATUTORY FORECLOSURE PROCESS, THE BENEFITS OF ALL VALUATION, APPRAISEMENTS, HOMESTEAD, EXEMPTION, STAY, REDEMPTION AND MORATORIUM LAWS NOW IN FORCE OR WHICH MAY HEREAFTER BECOME LAWS. MORTGAGOR ACKNOWLEDGES THAT IT IS ENGAGED PRIMARILY IN COMMERCIAL PURSUITS AND THAT THE PROCEEDS FROM THIS SECURITY INSTRUMENT ARE TO BE UTILIZED IN BUSINESS ACTIVITIES AND WILL NOT BE UTILIZED FOR CONSUMER PURPOSES.

8.4. No Merger of Secured Property.

If State Farm shall acquire title to the Secured Property by conveyance from Mortgagor or as a result of the foreclosure of any other mortgage which State Farm at any time holds with respect to the Secured Property, this Mortgage shall not merge in the fee of the Secured Property but shall remain and continue as an existing and enforceable lien for the Loan secured hereby until the same shall be released of record by State Farm in writing.

8.5. Maturity Date.

The Maturity Date of the Loan is the date on which the final payment of principal of the Note becomes due and payable as therein provided, whether at the Maturity Date stated in this Mortgage, by declaration of acceleration, or otherwise. The Maturity Date stated in this Mortgage is August 1, 2019 unless Conversion (as defined in the Loan Agreement) occurs, or April 1, 2034 if Conversion occurs. The maximum term of the Loan ends on April 1, 2034 (if Conversion occurs).

8.6. Copy of this Security Instrument.

MORTGAGOR HEREBY ACKNOWLEDGES RECEIPT, WITHOUT CHARGE, OF A TRUE AND COMPLETE COPY OF THIS MORTGAGE.

8.7. Compound Interest. Accrued interest may be added to the principal amount secured by this Mortgage, and interest will accrue on any such interest added to the principal amount secured by this Mortgage. Interest on the accrued interest that is added to the principal amount secured by this Mortgage shall be secured by this Mortgage to the same extent as interest on the original principal amount secured by this Mortgage.

8.8. Additional Foreclosure Right. In addition to any other remedies set forth herein, if an Event of Default has occurred and is continuing, State Farm shall have all rights at law or in equity under applicable law to foreclose this Mortgage, including by strict foreclosure.

8.9. Construction Provisions. Buildings or improvements on the Real Estate are in process of construction or repair, or to be erected or repaired, and State Farm has agreed to make the Loan herein described to be paid over to Mortgagor in installments as the work progresses, the time and amount of each advancement to be at the sole discretion and upon the estimate of State Farm, upon and subject to the terms and conditions set forth in the Loan Agreement, so that when all of the work on the Real Estate shall have been completed to the satisfaction of State Farm, State Farm shall, upon and subject to the terms and conditions set forth in the Loan Agreement, then pay over to the Mortgagor any balance necessary to complete the full loan of \$14,287,500 or such lesser amount as may be provided in the Loan Agreement. Mortgagor agrees to complete the erection or repair of said buildings or improvements to the satisfaction of State Farm within a reasonable time from the date hereof or at the latest on or before October 31, 2018 or such earlier date as may be set forth in the Loan Agreement.

8.10. Future Advances.

This Mortgage is an “open-end mortgage” as provided for by § 49-2(c) of the Connecticut General Statutes, and State Farm shall have all the rights, powers, privileges, and protections afforded to the holder of an open-end mortgage by such statute or any other applicable law. For purposes of such statute, the maximum principal amount of the loan authorized is \$14,287,500. It is understood and agreed that State Farm may, but shall not be obligated to, at any time and from time to time, make future advances secured by this Mortgage. Whether or not any such future advances are to be made shall be determined by State Farm in its sole and absolute discretion. Except for advances for the payment of taxes, assessments, insurance premiums, repairs, alterations, improvements or costs incurred for the protection of the Secured Property or otherwise permitted elsewhere by this Mortgage, the Loan Documents, or under applicable law, all future advances made shall be evidenced by a note or notes executed by Mortgagor, which provide that such advances are secured by this Mortgage. In no event shall the repayment terms in any such note or notes extend the time for repayment beyond the Maturity Date, as the same may be from time to time modified in writing as provided herein. Nothing set forth in this section will affect the validity or enforceability of any obligation of Mortgagor to State Farm under this Mortgage, the Loan Documents, or any other agreement between Mortgagor and State Farm that would be valid and enforceable without the provisions of this Section 8.10.

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IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be executed as of the date first written above.

WITNESSES:

TRADEPORT DEVELOPMENT VI, LLC

/s/Frank J. Saccomandi III

Name: Frank J. Saccomandi, III

BY: RIVER BEND HOLDINGS, LLC

its Sole member

BY: GRIFFIN INDUSTRIAL, LLC,

its Sole Member

/s/Sheryl A. Sylvester

Name: Sheryl A. Sylvester

By: /s/Anthony J. Galici

Name: Anthony J. Galici

Title: Vice President

STATE OF CONNECTICUT)

)

SS: Hartford

COUNTY OF HARTFORD)

On this 27th day of March, 2018 before me, Sheryl Sylvester, the undersigned officer, personally appeared Anthony J. Galici, acknowledged himself to be the Vice President of Griffin Industrial, LLC, a Connecticut limited liability company, which is the Sole Member of River Bend Holdings, LLC, a Connecticut limited liability company, which is the Sole Member of Tradeport Development VI, LLC, a Connecticut limited liability company, and that he, as such Officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained as his free act and deed as such Officer and the free act and deed of such limited liability companies.

In witness whereof I hereunto set my hand.

/s/Sheryl A. Sylvester

Sheryl A. Sylvester

Notary Public

My Commission Expires Jan. 31, 2018:

EXHIBIT A

Legal Description of Real Estate

LEGAL DESCRIPTION

EXHIBIT "A"

That certain parcel of land together with any and all improvements thereon and appurtenances relating thereto, shown and designated as "#220 TRADEPORT DRIVE RECONFIGURED LOT AREA = 885,519.32 +/- ACRES" as shown and designated on that certain plan entitled "RESUBDIVISION PLAN PREPARED FOR RIVERBEND DEVELOPMENT CT, LLC 220 TRADEPORT DRIVE (a.k.a. 220/440 STONE ROAD) WINDSOR, CONNECTICUT" Date: 09-28-2017 revised through 01-09-2018 Sheet 1 of 2, prepared by F.A. Hesketh & Associates, Inc., which plan has been recorded in the Windsor Land Records as Map #6015, to which reference may be had.

Together with Easement and Agreement by and between River Bend Development CT, LLC and Tradeport Development V, LLC dated 3/6/2017 and recorded in Volume 1841, Page 237 of the Windsor Land Records; as amended by First Amendment to Easement and Agreement by and between River Bend Development CT, LLC and Tradeport Development V, LLC dated January 29, 2018 and recorded January 29, 2018 in Volume 1855 at Page 225 of the Windsor Land Records.

Together with a Drainage Easement and Agreement dated January 29, 2018 by and between River Bend Development CT, LLC and Tradeport Development V, LLC recorded in Volume 1855, Page 213 of the Windsor Land Records.

Together with a Utility Easement and Agreement dated January 29, 2018 by and between River Bend Development CT, LLC and Tradeport Development V, LLC recorded in Volume 1855, Page 218 of the Windsor Land Records.

Together with right of way as set forth in Quit Claim Deed from River Bend Development CT, LLC to Tradeport Development VI, LLC dated January 11, 2018 and recorded January 30, 2018 in Volume 1855 at Page 378 of the Windsor Land Records.

Together with an Easement over Lot 110 as set forth in an Easement and Agreement granted by River Bend Development CT, LLC dated March 8, 2018 and recorded March 9, 2018 in Volume 1856 at Page 617 of the Windsor Land Records.

CONSTRUCTION LOAN AGREEMENT

dated March 29, 2018

by and between

STATE FARM LIFE INSURANCE COMPANY ("State Farm")

and

TRADEPORT DEVELOPMENT VI, LLC ("Borrower")

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Exhibit "K"	Architect's Certificate of Completion
Exhibit "L"	Phase I Environmental Report Requirements
Exhibit "M"	Form of Tax and Insurance Escrow Waiver Letter
Exhibit "N"	Form of Cash Flow Escrow Agreement
Exhibit "O"	Construction Contracts Approved by State Farm

CONSTRUCTION LOAN AGREEMENT

This **CONSTRUCTION LOAN AGREEMENT** is made and executed as of the 29th day of March, 2018, by and between **STATE FARM LIFE INSURANCE COMPANY**, an Illinois corporation ("State Farm"), and **TRADEPORT DEVELOPMENT VI, LLC** ("Borrower"), in respect of a loan in the maximum aggregate principal amount of up to **Fourteen Million Two Hundred Eighty Seven Thousand Five Hundred and 00/100 Dollars (\$14,287,500.00)**. For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1 -- DEFINITIONS AND USE OF TERMS

Section 1.1 Terms Defined Above. As used in this Agreement, the terms "State Farm" and "Borrower" shall have the meanings respectively indicated in the opening recital hereof.

Section 1.2 Certain Definitions. As used in this Agreement, the following terms shall have the following meanings, unless the context otherwise requires:

"Additional Funding Amount" shall mean an amount equal to the least of the following: (i) \$487,500; (ii) an amount equal to 65% of the actual cost (including building fees, construction management fees and other soft costs) of implementing the Improvement Upgrades (such costs being the "Improvement Upgrade Costs"); or (c) an amount that would result in the Loan to Value Ratio not exceeding 65% based upon the Additional Funding Appraisal.

"Additional Funding Appraisal" shall mean an appraisal of the Secured Property, which shall (a) be prepared at Borrower's expense by a licensed, independent third party appraiser holding an M.A.I. designation satisfactory to State Farm; (b) indicate an Appraised Value of the Secured Property in an amount sufficient to satisfy the Loan to Value Requirement; (c) be certified to State Farm; (d) include, without limitation, the income, cost and sales comparison approach to value; and (e) be otherwise satisfactory to State Farm in its sole discretion.

"Additional State Farm Financing" shall have the meaning set forth in Section 6.4.

"Additional State Farm Financing Loan Documents" shall mean any documents executed now or in the future by Borrower and/or Guarantor which evidence and/or secure the Additional State Farm Financing.

"Advance" means a disbursement by State Farm of any of the proceeds of the Loan and/or the Borrower's Deposit.

"Affidavit of Borrower" means a sworn affidavit of Borrower (and such other parties as State Farm may require) before a notary public to the effect that all statements, invoices, bills and other expenses incident to the Project incurred to a specified date, whether or not specified in the Budget, have been paid in full, except for (a) amounts retained pursuant to a Construction Contract; and (b) items to be paid from the proceeds of an Advance then being requested or in another manner satisfactory to State Farm.

"Agreement" means this Construction Loan Agreement, as from time to time amended or supplemented.

"Application for Advance" means a written application by Borrower and the applicable Contractor (and such other parties as State Farm may require) to State Farm on a form approved by State Farm specifying by name, current address and amount all parties to whom Borrower is obligated for labor, materials or services supplied for the Project by such Contractor and all other expenses incident to the Loan, the Secured Property and the construction of the Improvements for which an Advance is requested for the payment of such items, containing an Affidavit of Borrower, accompanied by such schedules, affidavits, releases, waivers, subordinations, statements, invoices, bills and other documents as State Farm (or the Inspecting Architects/Engineers) may reasonably request including, without limitation: (a) a Standard AIA Form G702 and G703 or other form reasonably acceptable to State Farm, including any change orders and invoices for any "soft costs" which shall be for costs consistent with the current Budget attached hereto as Exhibit C (as it may be revised from time to time with State Farm's approval), certified by Borrower and the applicable Contractor and approved in writing by the Architect or Engineer; (b) subordinations of liens/lien waivers from Contractors (and subcontractors if requested by State Farm) in the respective sum received by each such Contractor for all of Borrower's preceding draw requests with respect to work, services or materials by such Contractor; and (c) an endorsement to the existing Title Insurance, as of the date of the requested Advance, reflecting the amount of such Advance and the total amount advanced, showing no additional liens or encumbrances upon the Secured Property (and in any event there shall be no exception for mechanic's liens or other liens).

"Appraised Value" means the fair market value of the Secured Property as established by the Initial Appraisal, the Final Appraisal or, if any subsequent appraisal shall have been obtained by State Farm pursuant to Section 4.25, the latest subsequent appraisal obtained by State Farm pursuant to Section 4.25.

"Architect" means any architect or architectural firm as may be selected by Borrower and approved by State Farm.

"Architect's Certificate" means the certificate of Borrower's Architect in the form attached hereto as Exhibit J.

"Architect's Consent" has the meaning set forth in Section 4.30.

"Architectural Contract" means a written agreement between Borrower and Architect for architectural and/or engineering services pertaining to construction of the Improvements.

"Assignment of Rents and Leases" means that certain Assignment of Rents and Leases of even date herewith executed by Borrower in favor of State Farm.

"Borrower's Deposit" means such cash sums, in addition to the proceeds of the Loan, as State Farm may deem necessary, payable by Borrower from time to time pursuant to Section 2.9 below until the Loan is paid in full, for the payment of the costs of labor, materials and services required for the construction of the Improvements, other costs and expenses specified in the Budget and other costs and expenses required to be paid in connection with the construction of the Improvements in accordance with the Plans, any Governmental Requirements and the requirements of any Lease, if applicable.

"Borrower's Knowledge" or words of similar import shall mean solely the actual knowledge of (i) Michael S. Gamzon, President of GI, (ii) Anthony J. Galici, Vice President of GI, (iii) Thomas M. Lescalleet, Senior Vice President of GI, or (iv) Scott Bosco, Vice President of GI, who have been active in the management of the Property and the Borrower.

"Budget" means a schedule prepared and certified by Borrower in form, scope and substance satisfactory to State Farm, which reflects the cost of each item of work or material required to construct the Improvements pursuant to the Plans, together with all other costs and expenses, including interest and professional fees, and the dates (i.e. a Construction timeline) upon which Borrower expects to require Advances from State Farm for such costs and expenses. A copy of the current Budget is attached hereto as Exhibit C.

"Business Day" means a day other than a Saturday, Sunday or other day on which national banks in Bloomington, Illinois are authorized or required to be closed.

"Cash Flow Escrow Agreement" means that certain Cash Flow Escrow Agreement in the form of Exhibit N attached hereto, to be entered into among Borrower, State Farm and Escrow Agent if required pursuant to Section 6.3 of this Agreement.

"Closing" means the closing of the Loan, which shall be deemed to occur upon recordation of the Mortgage in the Land Records of Windsor, Connecticut pursuant to State Farm's written direction.

"Code Compliance Report" shall have the meaning set forth on Exhibit B attached hereto.

"Completion" means the date on which all of the items required for the final Advance under Section 2.6 of this Agreement have been delivered to State Farm.

"Completion Date" means the date of Completion as confirmed in a written notice from State Farm to Borrower, which date shall be no later than the earliest of (i) October 31, 2018, (ii) six (6) months prior to expiration of the Construction Loan Period, or (iii) the date required under any Lease.

"Completion Guaranty" means the performance and completion guaranty executed by Guarantor of even date herewith guaranteeing the completion of construction of the Improvements under and pursuant to the Loan Documents.

"Construction or construction" means the construction and equipping of the Improvements in accordance with the Plans and the Leases and the installation of all personal property, fixtures and equipment required for the operation of the Project.

"Construction Contract" means each construction contract executed by Borrower and a Contractor for the construction of the Improvements.

"Construction Disbursement Agreement" means, if required by State Farm following an Event of Default, a construction disbursement agreement by and among the Title Company, Borrower and State Farm setting forth the terms and conditions pursuant to which Borrower will, from time to time as required to make advances, deposit its equity contribution for the Project with the Title Company (including Borrower's Deposit) and request advances from the Title Company for costs of construction of the Improvements in accordance with the terms of this Agreement, which agreement shall be in form and substance acceptable to State Farm (including, without limitation, the Title Company's selection of the financial institution that will hold the escrowed funds).

"Construction Loan Fee" means the \$34,500 nonrefundable construction loan fee, to be paid to State Farm concurrently herewith in consideration of the commitment of State Farm to administer the Loan prior to Conversion.

"Construction Loan Period" means sixteen (16) months after the Closing (or, at Borrower's written election, may mature earlier if the Conversion Conditions have been achieved).

"Contractor" means each person with whom Borrower makes a Construction Contract.

"Contractor's Consent" has the meaning set forth in Section 4.29.

"Conversion" has the meaning set forth in Section 2.16.

"Conversion Conditions" has the meaning set forth in Section 2.16.

"Conversion Date" means the date on which all conditions precedent to conversion of the Loan from interim to permanent as set forth in Section 2.16 have been satisfied in accordance with such Section.

"Converted Maturity Date" shall mean April 1, 2034 (if applicable). Any extension of the Initial Maturity Date shall not extend the Converted Maturity Date and in no event shall the full term of the Loan exceed one hundred ninety-two (192) months. If, pursuant to Section 2.16, Conversion occurs prior to sixteen (16) months after the date of this Agreement, the term of the permanent portion of the Loan shall be extended to be more than one hundred seventy-six (176) months such that the full term of the Loan shall equal one hundred ninety-two (192) months.

"Debtor Relief Laws" means any applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar laws, domestic or foreign including, without limitation, those in Title 11 of the United States Code, affecting the rights or remedies of creditors generally, as in effect from time to time.

"Debt Service Coverage Ratio" means for any relevant period, the ratio of (a) the Annualized Net Operating Income of the Secured Property; to (b) the Total Annual Debt Service, all as determined by State Farm and based on a twenty-five (25) year amortization. Calculation of the Debt Service Coverage Ratio shall be made by State Farm based on rent rolls and operating statements provided and certified by Borrower, and shall be conclusive.

"Debt Yield" means Net Operating Income of the Secured Property divided by the amount of the Loan, the Additional Funding Amount, if applicable, the Additional State Farm Financing or Secondary Financing (as defined herein), as the case may be. Calculation of the Debt Yield shall be made by State Farm based on rent rolls and operating statements provided and certified by Borrower, and shall be conclusive.

"Deposit Balance" means \$20,000 of the \$276,000 deposit paid by Borrower to State Farm pursuant to that certain Term Sheet dated November 9, 2017 between Borrower and State Farm.

"Disbursement Account" has the meaning set forth in Section 2.10.

"Engineer" means any engineer or engineering firm as may be selected by Borrower and approved by State Farm.

"Engineering Contract" means a written agreement between Borrower and Engineer for engineering services pertaining to the construction of the Improvements.

"Engineer's Consent" has the meaning set forth in Section 4.30.

"Environmental Indemnification Agreement" means that certain Environmental Indemnification Agreement dated of even date herewith executed by Borrower and Guarantor, jointly and severally, for the benefit of State Farm.

"Escrow Agent" shall mean CBRE Capital Markets, Inc., a Texas corporation, or such other entity as may be acceptable to State Farm.

"Event of Default or event of default " has the meaning set forth in Section 5.1.

"Exculpated Party" and "Exculpated Parties" have the meanings set forth in Section 7.14.

"Expenses" mean, for the relevant period (but based on annualized amounts), the greater of (a) the actual annualized costs and expenses of owning, operating, managing and maintaining the Secured Property during such period incurred by Borrower, determined on a cash basis (except for real and personal property taxes and insurance premiums, which shall be determined on an accrual basis); or (b) the annualized amount of such costs and expenses assuming one hundred percent (100%) occupancy of the Secured Property.

Expenses will include, without limitation, utilities, insurance, cleaning, landscaping, security, repairs, maintenance, monthly management fees, administrative expenses (excluding items chargeable to Borrower's management company per the management contract), reserves for replacements (reserves shall not be less than \$.05 per square feet, real estate and property taxes and assessments (calculated at full assessment even if currently charged less, and excluding federal, state and other income taxes)), and any other expenses reasonably projected to recur annually.

Expenses will be subject to State Farm adjustment to reflect (a) commercially reasonable expenses and reserves for properties comparable in type and location to the Secured Property; and (b) the Expenses that would have been incurred at a one hundred percent (100%) occupancy level, even if actual occupancy is less at the time of determination of Expenses.

Expenses shall not include: (a) listed expenses not expected to recur annually; (b) actual expenditures for capital improvements and replacements; (c) actual expenditures or reserves for tenant improvements and leasing commissions; (d) debt service payments; (e) depreciation, amortization or similar non-cash items; or (f) expenses that are reimbursed by tenants (however, expenses reimbursed by tenants may be included if the related reimbursements are included in Gross Operating Income).

Expenses that occur only occasionally during a year, such as property taxes, if necessary to fairly present the impact of such Expenses, will be adjusted by State Farm for purposes of calculating Expenses by averaging those Expenses over a one-year period and using the monthly average for those Expenses rather than the actual Expenses paid for those items in the month being measured.

"Final Appraisal" means an appraisal of the Secured Property, which shall (a) be prepared at Borrower's expense by a licensed, independent third party appraiser holding an M.A.I. designation satisfactory to State Farm; (b) indicate an Appraised Value of the Secured Property upon completion of construction in an amount sufficient to satisfy the Loan to Value Requirement; (c) be certified to State Farm; (d) include, without limitation, the income, cost and sales comparison approach to value; and (e) be otherwise satisfactory to State Farm in its sole discretion.

"Financial Statements" means such balance sheets, income and expense statements, and other financial information of Borrower and Guarantor as shall reasonably be required by State Farm, from time to time, or as required under any Loan Document, which statements shall be certified as true and correct in all material respects by the party submitting such statements.

"Financing Statements" means the Uniform Commercial Code financing statements filed by State Farm to perfect its security interest in fixtures and in certain personal property and other rights of Borrower included as part of the Secured Property.

"First Draw Deadline" means the date that is one hundred fifty (150) days after the Closing.

"Ford Major Lease" shall have the meaning set forth in Section 2.16.

"Ford Major Tenant" shall have the meaning set forth in Section 2.16.

"Governmental Authority" means the United States, the state, the county, the city or any other political subdivision in which the Secured Property is located and any court or political subdivision, agency or instrumentality having or exercising jurisdiction over Borrower, Guarantor or the Secured Property.

"Governmental Requirements" means all laws, ordinances, codes, rules, regulations, orders, writs, injunctions or decrees of any Governmental Authority applicable to Borrower, Guarantor or the Secured Property.

"Gross Operating Income" means annualized actual in place gross operating income from the Leases of the Secured Property for the relevant period; provided, however, that in no event shall Gross Operating Income include: (a) prepaid items; (b) reimbursements to Borrower for utilities and other expenses except to the extent such reimbursements are included in Expenses; (c) any loan proceeds; (d) proceeds or payments under insurance policies (except proceeds of rental interruption insurance and business income and expense insurance); (e) condemnation proceeds; (f) any security deposits received from tenants in the Project, unless and until the same are applied to rent or other obligations in accordance with the tenant's Lease; (g) lease termination fees; or (h) any other extraordinary items as determined, in State Farm's reasonable discretion. In addition, if any Lease contains a concession such as free or reduced rent and if State Farm deems such an adjustment necessary to fairly present the impact of the concession, State Farm will adjust the rental income for purposes of calculating Gross Operating Income spreading the concession over the term of that Lease.

"Guarantor" means Griffin Industrial Realty, Inc.

"Guaranty" means that certain Guaranty Agreement executed by Guarantor of even date herewith guaranteeing the Obligations of Borrower under the Loan Documents including, without limitation, the obligations and liabilities set forth in Section 7.14 and, prior to satisfaction of the Personal Liability Reduction Conditions in accordance with the terms of the Loan Documents, full recourse personal liability for all Obligations.

"Improvement Upgrades" means those additional leasehold improvements which the Ford Major Tenant is permitted to request that Borrower construct pursuant to the Ford Major Lease having an aggregate cost of up to \$750,000.

"Improvements" means the improvements to be constructed on the Land comprising the Secured Property in accordance with the Plans as provided herein and contemplated hereby. The Improvements will be comprised of the following: approximately 234,000 rentable square foot pre-cast concrete panel industrial warehouse and distribution building with 36' clear height, twenty-five (25) loading docks and two (2) drive-in doors and approximately 9,800 square feet of office and ancillary space, plus approximately 120 employee parking spaces and approximately 60 semi-trailer parking spaces and landscaped grounds, together with all buildings, structures and other improvements now or hereafter constructed, erected, installed, placed or situated upon the Land.

"Indebtedness" means (a) the indebtedness evidenced by the Note, including principal, interest, late charges and prepayment fee, if any; and (b) all other sums which may at any time be due, owing or required to be paid under the Note, the Mortgage, this Agreement and the other Loan Documents including, without limitation, sums owing from or required to be paid by Borrower as a result of the breach or non-performance of any of the Obligations, regardless of whether Borrower is personally liable for any such payment.

"Initial Appraisal" means the appraisal dated December 12, 2017 which was performed by CBRE Valuation and Advisory Services; such appraisal has been completed and accepted by State Farm.

"Initial Maturity Date" means August 1, 2019.

"Inspecting Architects/Engineers" mean such employees, representatives and agents of State Farm or third parties retained by State Farm at Borrower's expense, who may, from time to time, perform architectural, engineering or inspection services related to the Secured Property including, without limitation, review of the Plans and all proposed changes in them, inspection of construction work for conformity with the Plans and this Agreement and review of Applications for Advances (the initial Inspecting Architects/Engineers shall be Lender's Quality Assurance).

"Land" means approximately 19.6 acres of real estate described in Exhibit A.

"Lease" and "Leases" have the meanings defined in the Mortgage.

"Leverage Ratio" means the ratio of total secured debt to total assets.

"Liable Party" and "Liable Parties" have the meanings set forth in Section 7.14.

"Liquid Assets" means assets in the form of cash, cash equivalents, obligations of (or fully guaranteed as to principal and interest by) the United States or any agency or instrumentality thereof (provided the full faith and credit of the United States supports such obligation or guarantee), certificates of deposit issued by a commercial bank, and repurchase agreements entered into with commercial banks, in each case acceptable to Lender, having net assets of not less than \$500 million, securities listed and traded on a recognized stock exchange or traded over the counter and listed in the National Association of Securities Dealers Automatic Quotations, or liquid debt instruments that have a readily ascertainable value and are regularly traded in a recognized financial market.

"Loan" means the loan to be made by State Farm to Borrower in the maximum amount of up to \$14,287,500.00 in accordance with this Agreement and as evidenced by the Note, the final principal amount of which is subject to adjustment in accordance with Section 2.1.

"Loan Documents" means this Agreement, the Mortgage, the Note, the Guaranty, the Completion Guaranty, the Assignment of Rents and Leases, the Financing Statements, the SNDA's, the Construction Disbursement Agreement (if any), the Cash Flow Escrow Agreement and such other documents evidencing, securing or pertaining to the Loan as shall, from time to time, be executed and delivered to State Farm by Borrower, Guarantor or any other party pursuant to this Agreement including, without limitation, each Affidavit of Borrower, each Application for Advance, the Budget and any future amendments or supplements to the Budget.

"Loan Investigation Fee" means the \$7,500.00 non-refundable loan investigation fee which has been previously paid by Borrower to State Farm in consideration of the agreement by State Farm to review the information and materials submitted to State Farm in connection with the Loan.

"Loan to Value Requirement" means the requirement that the ratio of the aggregate of all amounts advanced under the Loan (including without limitation, the Additional Funding Amount) together with the amounts to be advanced in connection with the advance for which the Loan to Value Requirement is being tested, to the final market value (the "Loan to Value Ratio") as stated in the Final Appraisal, or Additional Funding Appraisal, as applicable, ordered by State Farm at Borrower's expense, acceptable to State Farm, is not more than 65.0%.

"Losses" has the meaning set forth in Section 7.14.

"Mortgage" means that certain Open-End Construction Mortgage Deed and Security Agreement of even date herewith, granted by Borrower for the benefit of State Farm, securing the payment of the Indebtedness and the payment and performance of all Obligations specified in the Mortgage, this Agreement and the other Loan Documents and evidencing a valid and enforceable first priority lien, security interest and assignment of rents and proceeds covering the Secured Property, as it may from time to time be renewed, extended, amended or supplemented.

"Net Operating Income" means for any relevant period (a) Gross Operating Income; less (b) Expenses.

"Net Worth" means, as of a given date, (x) the total assets of any person or entity as of such date less (y) such person's total liabilities as of such date, determined in accordance with generally accepted accounting principles, consistently applied.

"Note" means that certain Promissory Note evidencing the Loan of even date herewith made by Borrower and payable to the order of State Farm in the maximum principal amount of \$14,287,500.00 as it may from time to time be renewed, extended, amended or supplemented.

"Obligations" means (a) the payment of the Indebtedness; and (b) the performance of any of the terms, provisions, covenants, agreements, representations, warranties, certifications and obligations contained in this Agreement or under the other Loan Documents.

"Personal Liability Reduction Conditions" has the meaning set forth in Section 7.14.

"Permanent Loan Period" means that provided the Conversion Conditions have been satisfied, the permanent portion of the loan shall commence on the Conversion Date and mature one hundred ninety two (192) months after the Closing.

"Plans" means the plans and specifications for the construction of the Improvements, as altered, modified or changed from time to time, prepared by the Architect and/or Engineer, as approved by State Farm (including the final plans and specifications for segments of such work).

"Project" means the Land, the construction of the Improvements thereon and the leasing and operation of the Improvements.

"Ratio Adjustment Payment" means a payment of principal of the Loan so the outstanding principal balance of the Loan does not exceed the lesser of (i) 75% of the actual acquisition and construction costs of the Project or (ii) 65% of the Appraisal Value.

"Required Upfront Equity" means an amount no less than 32.02% of the total approved cost of the Project, approximately \$6,500,000.00, prior to the First Draw Deadline, as determined by State Farm. The

Required Upfront Equity will be a combination of cash and Land value. The Land value shall be deemed to be \$2,800,000.00.

"Retainage" means ten percent (10%) of the "hard costs" (as set forth in Exhibit C attached hereto) contained in each requested Advance (i.e., the total amount then due the various Contractors, subcontractors and material suppliers for costs of construction).

"Secondary Financing" shall have the meaning set forth in Section 6.4.

"Secured Property" means the Land, the Improvements and all other property constituting the Secured Property as defined in the Mortgage or subject to a right, lien or security interest to secure the Loan pursuant to any other Loan Document.

"SNDA" means a subordination, non-disturbance and attornment agreement in the form attached hereto as Exhibit F.

"Survey" means a current certified survey of the Secured Property satisfying the requirements set forth in Exhibit D attached hereto.

"Tenant Estoppel Certificate" means a tenant estoppel certificate in the form attached hereto as Exhibit G.

"Title Company" means Chicago Title Insurance Company.

"Title Insurance" means one or more title insurance commitments and policies as State Farm may require issued by the Title Company in the maximum amount of the Loan, insuring or committing to insure that the Mortgage constitutes a valid lien covering the Land and all improvements thereon having a first lien priority required by State Farm and subject only to the "Permitted Encumbrances" (as defined in the Mortgage) and otherwise in accordance with State Farm's Title Insurance Requirements set forth on Exhibit H.

"Total Annual Debt Service" means the sum of:

- (a) the aggregate of debt service payments for the relevant period on the maximum principal amount of the Loan, including any Additional Funding Amount, if applicable, and Additional State Farm Financing, assuming (i) an interest rate equal to the fixed rate per annum in effect for the relevant period; and (ii) monthly payments of principal and interest calculated upon the shorter of (x) an assumed twenty-five (25) year amortization schedule; or (y) the actual amortization schedule used in the Note (or other document evidencing the Additional Funding Amount and Additional State Farm Financing, as applicable); and
- (b) the aggregate debt service payments (including principal and interest) on all other indebtedness secured by a lien on all or part of the Secured Property for the applicable period of time (this subsection (b) is not authorization for Borrower to incur any such other indebtedness secured by a lien upon the Secured Property).

Calculation of Total Annual Debt Service will be based upon: (i) the maximum possible Loan balance as if all Advances have been made, even if all such Advances have not yet been made at the time of the calculation (unless, at the time of such calculation no further Advances can be made under the Loan Documents, in which event the then outstanding principal Loan balance shall be used); (ii) the principal and interest payment that would be applicable after the end of an interest-only period under the Note, even

if the calculation is being made during an interest only period; and (iii) the average interest rate over the term of the Loan, if multiple rates apply.

Section 1.3 Definition of Other Terms. Capitalized terms not otherwise defined herein shall have the definitions and meanings ascribed to such terms in this Agreement and in the other Loan Documents.

ARTICLE 2 -- THE LOAN

Section 2.1 Commitment to Lend. Subject to and upon the terms, covenants and conditions of this Agreement, State Farm will make the Loan in Advances to Borrower in accordance with this Agreement in an aggregate amount (not including the amount of Borrower's Deposit) not to exceed the principal face amount of the Note. State Farm's commitment to make Advances hereunder (a) shall expire and terminate on the earlier of the Initial Maturity Date or the date on which Conversion occurs; (b) may be terminated by State Farm by notice to Borrower if all conditions to the first Advance have not been satisfied on or before First Draw Deadline or if any Event of Default occurs hereunder; and (c) shall automatically terminate if the Note is prepaid in full. The Loan is not revolving; an amount repaid may not be reborrowed. Notwithstanding anything in this Agreement to the contrary, the Loan shall not exceed the lower of: (i) \$14,287,500; (ii) sixty-five percent (65%) of the Appraised Value determined pursuant to Section 4.25; and (iii) seventy-five percent (75%) of the actual cost of the acquisition and construction of the Project to be initially determined based upon the Budget (the "Project Cost"), provided that after acquisition and during construction of the Project, such costs shall be determined on the actual costs incurred to date and State Farm's estimate of additional costs needed to complete construction of the Improvements as contemplated by the Budget.

Section 2.2 The Note. The Loan is evidenced by the Note. Interest on the Loan, at the rate or rates specified in the Note, shall be (a) computed on the unpaid principal balance which exists from time to time and shall be computed with respect to each Advance only from the date of such Advance (as to the portion of each Advance not constituting a portion of Borrower's Deposit); and (b) due and payable monthly as it accrues as more particularly set forth in the Note. Upon Conversion, principal and interest under the Note shall be due and payable in monthly installments as and when required under the Note. In any case and notwithstanding anything to the contrary, on the Converted Maturity Date, all then outstanding principal under the Note, plus all accrued but unpaid interest, the Prepayment Fee (as defined in the Note), if applicable, and other amounts payable pursuant to the Note and the other Loan Documents shall be due and payable in full.

Section 2.3 Advances.

(a) From time to time, Borrower shall submit an Application for Advance to State Farm requesting an Advance for the payment of costs of labor, materials and services supplied for the construction of the Improvements or for the payment of other costs and expenses incident to the Loan, the acquisition of the Secured Property or the construction of the Improvements and specified in the Budget. Advances for the payment of costs of labor, materials and services supplied for the construction of the Improvements and the other items shown in the Budget shall be made by State Farm, not more frequently than once per month, upon compliance by Borrower with this Agreement after actual commencement of construction of the Improvements for work actually done since the previous Advance. State Farm shall require an inspection of and an acceptable report on the Improvements by the Inspecting Architects/Engineers prior to making any Advance. Advances for payment of costs of construction of the Improvements and the other items shown in the Budget shall be limited to the amounts shown in the Budget and not exceed (i) the costs of labor, materials and services incorporated into the Improvements in a manner acceptable to State Farm (no Advances shall be made for uninstalled materials to be utilized in the construction of the

Improvements); less (ii) Retainage; and less (iii) all prior Advances for payment of costs of labor, materials and services for the construction of the Improvements. Each Application for Advance shall be submitted by Borrower to State Farm at a reasonable time (but not less than ten (10) days) prior to the date on which an Advance is desired by Borrower. The Retainage shall be held until completion of the Improvements and disbursed only at the time of the final disbursement of Loan; provided, however, upon the satisfactory completion of one hundred percent (100%) of the work with respect to any individual Contractor or subcontractor or the delivery of all materials by a materials supplier pursuant to a purchase order in accordance with the Plans as certified by the Inspecting Architects/Engineers, and further provided that the Loan remains "in balance" (as provided in Section 2.9), State Farm shall permit Retainages with respect to such Contractor or subcontractor or material supplier to be disbursed to Borrower upon receipt by State Farm of evidence of (A) the full completion of all work to be performed by the applicable subcontractor or delivery of materials by the applicable material supplier with respect to the Improvements as determined by State Farm, including the report of the Inspecting Architects/Engineers; (B) the passage of thirty (30) days following the date on which such Contractor or subcontractor last provided work or such material supplier last supplied materials to the Project, such date to be evidenced by an affidavit of such Contractor or subcontractor or material supplier; and (C) the submission of a full and final lien waiver executed by such Contractor or subcontractor or material supplier conditioned only upon payment of the Retainage attributable to such Contractor or subcontractor or material supplier.

(b) (if applicable) The Budget contains a line item for accrued interest on the Loan and the parties hereto acknowledge that Borrower hereby requests draws that will timely pay the interest on the Loan by Advances under such line item. Any such Advance to pay interest shall be subject to the conditions to Advances set forth in this Agreement. Whether or not a separate Application for Advance has been submitted for each such interest Advance, Borrower shall be deemed to represent that all of the conditions to an Advance hereunder have been satisfied in connection with such interest Advance unless Borrower sends State Farm written notice to the contrary prior to such Advance.

Section 2.4 Conditions to the First Advance; Failure to Satisfy First Advance; Required Upfront Equity.

(a) As conditions precedent to the first Advance hereunder (a) there shall then exist no Event of Default nor shall there have occurred any event which with the giving of notice or the lapse of time, or both, could become an Event of Default; (b) the representations and warranties made in this Agreement and the other Loan Documents shall be true and correct on and as of the date of the first Advance, with the same effect as if made on that date; (c) Borrower shall deliver an Application for Advance to State Farm; (d) State Farm has received evidence satisfactory to State Farm that Borrower has contributed the Required Upfront Equity and evidence that all Required Upfront Equity was advanced to pay for costs of the Project as set forth in the Budget; (e) Borrower must satisfy the conditions required hereby and execute and deliver to, procure for and deposit with, and pay to State Farm and, if appropriate, record in the proper records with all filing and recording fees paid, the documents, certificates, agreements and other items listed in Exhibit "B" that are noted by "(X)", together with such other documents, certificates, agreements and other items as State Farm may reasonably require so that the Closing shall have occurred; (f) State Farm has received, at Borrower's expense, an updated feasibility report in form and substance satisfactory to State Farm, together with deliveries required in connection therewith, including, without limitation, an updated Budget and final Plans, all in form and substance satisfactory to State Farm; and (g) State Farm has received evidence satisfactory to State Farm that the Target

Approval Date has been met in accordance with the terms of the Ford Major Lease and that Ford Major Tenant does not have a termination right under the Ford Major Lease.

(b) Failure of Borrower to satisfy all conditions to the first Advance post-Closing for hard costs on or before the First Draw Deadline shall be an Event of Default under this Agreement.

Section 2.5 Subsequent Advances; Additional Funding.

(a) Conditions to Subsequent Advances. As a condition precedent to each Advance other than the first Advance, in addition to all other requirements herein, Borrower must satisfy the following requirements and, if required by State Farm, deliver to State Farm evidence of such satisfaction:

(i) All conditions precedent to the first Advance, if any, that were not satisfied at the time of the first Advance as consented to by State Farm shall have been satisfied and such conditions precedent to the first Advance that were satisfied at the time of the first Advance shall remain satisfied including, without limitation, the satisfaction of all items listed on Exhibit "B" regardless of how noted;

(ii) There shall then exist no Event of Default and no event or condition which with notice or lapse of time (or both) would constitute an Event of Default;

(iii) The representations and warranties made in this Agreement and the other Loan Documents shall be true and correct on and as of the date of each Advance, with the same effect as if made on that date;

(iv) Borrower shall deliver an Application for Advance to State Farm;

(v) The Improvements shall not have been damaged by fire or other casualty unless State Farm has determined that State Farm will receive insurance proceeds and/or Borrower's Deposit sufficient in State Farm's judgment to effect the satisfactory restoration of the Improvements and to permit the completion of the Improvements prior to the Completion Date; and

(vi) The Title Insurance shall be endorsed and extended, if available under local rules, to cover each Advance with no additional title exception objectionable to State Farm (and in any event there shall be no exceptions for mechanics liens or other liens).

(b) Conditions to Advance of Additional Funding Amount. As a condition precedent to funding the Additional Funding Amount, in addition to all other requirements herein, Borrower must satisfy the following requirements and, if required by State Farm, deliver to State Farm evidence of such satisfaction:

(i) All conditions precedent to the first Advance, if any, that were not satisfied at the time of the first Advance as consented to by State Farm shall have been satisfied and such conditions precedent to the first Advance that were satisfied at the time of the first Advance shall remain satisfied including, without limitation, the satisfaction of all items listed on Exhibit "B" regardless of how noted;

(ii) There shall then exist no Event of Default and no event or condition which with notice or lapse of time (or both) would constitute an Event of Default;

(iii) The representations and warranties made in this Agreement and the other Loan Documents shall be true and correct on and as of the date of each Advance, with the same effect as if made on that date;

(iv) Borrower shall send written notice of its desire to obtain the Additional Funding Amount to State Farm no later than 60 days before the Conversion Date;

(v) The Ford Major Tenant shall provide an updated estoppel certificate evidencing acceptance of the Improvement Upgrades and of the Supplemental Agreement (as defined in the Ford Major Lease) modifying rent payable by the Ford Major Tenant pursuant to Section 1(F) of the Ford Major Lease;

(vi) State Farm shall receive an endorsement to the Title Insurance Policy insuring the Mortgage, in the amount of the Additional Funding Amount dated as of the date of disbursement of the Additional Funding Amount with no added exceptions to the Title Insurance Policy obtained at the initial Loan closing, other than permitted exceptions acceptable to State Farm.

If the Borrower fails to satisfy the Additional Funding Requirements on or before the Conversion Date, then State Farm shall have no further obligation to fund the Additional Funding Amount.

All costs associated with the Additional Funding Amount (whether or not such Additional Funding Amount is advanced), including, but not limited to, appraisal fees, title search fees, recording fees, document taxes, recording costs, escrow fees, and reasonable attorneys' fees and out-of-pocket expenses of State Farm's outside counsel shall be paid by Borrower.

Section 2.6 Conditions to Final Advance.

(a) The final Advance, including all remaining Retainage, will not be made until State Farm has received the following, all in form and substance reasonably satisfactory to State Farm: (a) evidence that all Governmental Requirements have been satisfied including, without limitation, delivery to State Farm of certificates of occupancy (or the equivalent if the applicable Governmental Authorities do not issue certificates of occupancy) issued by the applicable Governmental Authorities permitting the Improvements to be legally occupied; (b) evidence that no mechanic's or materialman's lien or other encumbrance has been filed and remains in effect against the Secured Property; (c) an affidavit and final lien releases or waivers (including a conditional final waiver and release if the final payment has not been made) by the Architect, each Contractor and all subcontractors, materialman and other parties who have supplied labor, materials or services for the construction of the Improvements or who otherwise might be entitled to claim a contractual, statutory or constitutional lien against the Secured Property; (d) a Certificate of Substantial Completion in AIA form G704 executed by the Architect and each Contractor with respect to the work, services and materials under its Construction Contract (verified by the Inspecting Architects/Engineers through an inspection of and an acceptable report on the Improvements) certifying that the Project has been completed in accordance with the Plans; (e) an Architect's/Engineer's Certificate of Completion in the form attached hereto as Exhibit K; (f) a final "as-built" ALTA/ASCM survey of the Land with the Improvements located thereon, satisfying the requirements set forth in Exhibit D; (g) an endorsement to and extension of the Title Insurance to acknowledge completion of construction of the Improvements without any encroachment and in compliance with all applicable matters of public record and Governmental Requirements and deleting any exception relating to completion of the Improvements and other exceptions specified by State Farm that may be deleted pursuant to applicable regulations, with no additional exception objectionable to State Farm (and in any event there shall be no exceptions for mechanic's liens or other liens); (h) an updated Code Compliance Report; and (i) evidence of the satisfaction by Borrower of all other

conditions precedent to the final Advance under this Agreement including, without limitation the conditions in Section 2.5.

(b) The final Advance shall also include an amount necessary so that the aggregate of all amounts advanced to Borrower equals (i) if no portion of the Additional Funding Amount has been, or is to be, advanced to Borrower hereunder, then the least of (I) \$13,800,000 (not including the Additional Funding Amount); (II) 75% of the actual acquisition and construction costs of the Project, and (III) 65% of the Appraisal Value, and (ii) if any portion of the Additional Funding Amount has been, or is to be, advanced to Borrower as provided herein, then the least of (I) \$13,800,000 plus so much of the Additional Funding Amount which has been, or is to be, advanced to Borrower as provided herein; (II) 75% of the actual acquisition and construction costs of the Project, and (III) 65% of the Appraisal Value.

Section 2.7 Budget. The Loan funds are allocated for the costs of the Project shown in the Budget attached hereto as Exhibit C. The Budget has been prepared by Borrower and Borrower hereby represents to State Farm that, except with respect to amendments which may need to be made with respect to Improvement Upgrades to be funded with any portion of the Additional Funding Amount, the Budget represents the total costs and expenses anticipated by Borrower incident to the Loan, the Secured Property and the Project after taking into account the requirements of this Agreement. State Farm shall not be required to make any Advance for any Project cost or any other purpose that is not set forth in the Budget. In addition, except as provided in the 2nd sentence of Section 2.8, State Farm shall not be required to make any Advance for any line item in the Budget in an amount which when added to the sum of all prior Advances for that line item would exceed the sum allocated in the Budget for that line item.

Section 2.8 Budget Amendments. State Farm reserves and shall have the right to make Advances which are allocated to any line items in the Budget for such other purposes or in such different proportions as State Farm may, in its sole discretion, deem necessary or advisable. Borrower shall have no right whatsoever to reallocate Loan funds from one Budget line item to another or otherwise to amend the Budget without the prior written consent of State Farm, which State Farm may grant or withhold in its sole discretion; provided, however, Borrower may adjust any line item, including a contingency or reserve line item, one or more times prior to the Initial Maturity Date so long as: (a) the aggregate of all such adjustments to all line items shall not exceed five (5) changes; (b) the amount of such amendment individually does not exceed \$50,000.00; (c) the Budget is in balance prior to, and after giving effect to, any such adjustment; (d) no Event of Default has occurred and no event has occurred which with the passing of time, giving of notice or both shall constitute an Event of Default; (e) the total amount of the Budget is not increased by any such adjustment; (f) no adjustment may be made to (i) increase the amount allocated for the acquisition of the Land or any developer's fee or other fee payable to Borrower or any affiliate of Borrower; or (ii) decrease any interest reserve, taxes or fees or reimbursements payable to State Farm; and (g) no adjustment may be made to decrease the combined aggregate amount of funds set aside for soft costs, hard costs and contingency as set forth in Exhibit C attached hereto.

Section 2.9 Borrower's Deposit. If State Farm determines in its sole judgement at any time that the Loan is not "in balance", which means that the unadvanced portion of the Loan will be insufficient for payment in full of (a) costs of labor, materials and services required for the construction of the Improvements; (b) other costs and expenses specified in the Budget; (c) interest from time to time owing or to become owing on the Loan; and (d) other costs and expenses required to be paid in connection with the construction of the Improvements in accordance with the Plans, any Governmental Requirements or the requirements of any Lease, if applicable, then Borrower shall, within ten (10) days of the written request of State Farm, make a Borrower's Deposit with State Farm. The Loan shall be deemed to be "in balance" prior to the time that State Farm requests a Borrower's Deposit and thereafter upon delivery of such deposit to State Farm, until such time as State Farm requests an additional Borrower's Deposit. State Farm shall not be required to pay interest on such Borrower's Deposit. State Farm shall advance the Borrower's Deposit

prior to any portion of any of the Loan proceeds. Borrower shall promptly notify State Farm in writing if and when the cost of the construction of the Improvements exceeds, or appears likely to exceed, the amount of the unadvanced portion of the Loan and the unadvanced portion of any then existing Borrower's Deposit.

Section 2.10 Funding. Borrower shall establish and maintain a special account (the "Disbursement Account") for funding by State Farm into which Advances funded directly to Borrower (but no other funds), and excluding direct disbursements made to or by State Farm pursuant to this Agreement, shall be deposited by Borrower and against which checks shall be drawn only for the payment of (a) costs of labor, materials and services supplied for the construction of the Improvements specified in the Budget; and (b) other costs and expenses incident to the Loan and the Project specified in the Budget. Borrower shall assign such account to State Farm as additional security for its obligations evidenced hereunder and in the other Loan Documents and at State Farm's request Borrower shall deliver an executed deposit account control agreement in form and substance acceptable to State Farm. In addition, the depository bank must be acceptable to State Farm and State Farm shall have the right, from time to time, to require Borrower to change depository banks.

Section 2.11 Application of Advances. Borrower shall disburse all Advances for payment of costs and expenses specified in the Budget and for no other purpose.

Section 2.12 Direct Disbursement and Application by State Farm. Upon the occurrence of an Event of Default, State Farm shall have the right, but not the obligation, to disburse and directly apply the proceeds of any Advance to the satisfaction of any of Borrower's obligations hereunder or under any of the other Loan Documents (including, without limitation, the payment of any amounts claimed to be due by Contractors). Any Advance by State Farm for such purpose, except the Borrower's Deposit, shall be part of the Loan and shall be secured by the Loan Documents. Borrower hereby authorizes State Farm, upon the occurrence of an Event of Default, to hold, use, disburse and apply the Loan and the Borrower's Deposit for payment of costs of construction of the Improvements, expenses incident to the Loan and the Secured Property and the payment or performance of any Obligation of Borrower hereunder or under any of the other Loan Documents. Borrower hereby assigns and pledges the proceeds of the Loan and the Borrower's Deposit to State Farm for such purposes. Upon the occurrence of an Event of Default, State Farm may advance and incur such expenses as State Farm deems necessary for the completion of construction of the Improvements and to preserve the Secured Property and any other security for the Loan and such expenses, even though in excess of the amount of the Loan, shall be secured by the Loan Documents and payable to State Farm. State Farm may disburse any portion of any Advance at any time, and from time to time, to persons other than Borrower for the purposes specified in this Section 2.12 irrespective of the provisions of Section 2.3 hereof, and the amount of Advances to which Borrower shall thereafter be entitled shall be correspondingly reduced.

Section 2.13 No Waiver. No Advance shall constitute a waiver of any condition precedent to the obligation of State Farm to make any further Advance or preclude State Farm from thereafter declaring the failure of Borrower to satisfy such condition precedent to be an Event of Default.

Section 2.14 Conditions Precedent for the Benefit of State Farm. All conditions precedent to the obligation of State Farm to make any Advance are imposed hereby solely for the benefit of State Farm and no other party may require satisfaction of any such condition precedent or be entitled to assume that State Farm will refuse to make any Advance in the absence of strict compliance with such conditions precedent. All requirements of this Agreement may be waived by State Farm, in whole or in part, at any time.

Section 2.15 Subordination. State Farm shall not be obligated to make, nor shall Borrower be entitled to, any Advance until such time as State Farm shall have received subordination agreements from the Architect, the Contractor and all other persons furnishing labor, materials or services for the design or

construction of the Improvements, subordinating to the provisions of the Mortgage any lien, claim or charge they may have against Borrower or the Secured Property.

Section 2.16 Conversion.

(a) On or before the Initial Maturity Date, Borrower shall satisfy all of the conditions set forth in paragraph (b) below. Upon satisfaction of all such conditions on or before the Initial Maturity Date in accordance herewith, the Loan shall convert from an interim construction loan to a permanent loan (the "Conversion") and the Initial Maturity Date shall be extended to the Converted Maturity Date. The terms and provisions of this Section 2.16 (and any extension of the Initial Maturity Date pursuant hereto) shall not constitute a waiver of the requirement that any modification of the Note or any of the Loan Documents shall be subject to the express written approval of State Farm, no such approval (either expressed or implied) having been given as of the date hereof.

(b) The Initial Maturity Date shall be extended to the Converted Maturity Date, provided that Borrower shall have satisfied the following conditions (the "Conversion Conditions") on or before the Initial Maturity Date:

(i) Each of the following events shall have occurred: (A) Completion; (B) the Secured Property shall be one hundred percent (100%) occupied pursuant to the Ford Major Lease (as defined herein) with the Ford Major Tenant (as defined herein) (I) taken possession and accepted its leased premises with no defaults of Borrower under the Ford Major Lease; and (II) commenced payment of annual base rent in amount not less than \$1,345,000 pursuant to the Ford Major Lease;

(ii) Execution of an extension agreement and such other documentation as State Farm may reasonably require in connection therewith, all of which shall be in form and substance acceptable to State Farm;

(iii) There shall exist no uncured Event of Default or any event which, with the passage of time or the giving of notice, would constitute an Event of Default;

(iv) Delivery to State Farm of an endorsement of any existing Title Insurance issued in connection herewith shall be obtained and delivered by Borrower to State Farm, stating that the coverage afforded thereby, or the agreements thereunder, and the first lien priority of State Farm's mortgage lien on the Secured Property, shall not be affected because of such extension and shall otherwise be in accordance with Section 2.6(g), and the obtainment of an abstractor's certificate or other title evidence showing no liens, encumbrances or other exceptions to the title of the Secured Property other than those previously approved in writing by State Farm (and in any event there shall be no exception for mechanic's liens or other liens);

(v) Execution by the tenants under the Leases and delivery to State Farm of current Tenant Estoppel Certificates in the form attached hereto as Exhibit G and if not previously received by State Farm, SNDA's in the form attached hereto as Exhibit F;

(vi) Delivery to State Farm of evidence of permanent insurance in accordance with Exhibit I attached hereto;

(vii) Delivery to State Farm of the Final Appraisal, at State Farm's option and request;

(viii) Delivery to State Farm of a certified rent roll for the Secured Property in substance acceptable to State Farm and form reasonably acceptable to State Farm and identifying all tenants of the Secured Property;

(ix) Delivery to State Farm of a collateral assignment and subordination of management agreement executed by the manager of the Secured Property in substance acceptable to State Farm and form reasonably acceptable to State Farm, if a property manager is engaged by Borrower;

(x) Delivery to State Farm of a final “as-built” ALTA/ASCM survey of the Land with the Improvements located thereon in accordance with the requirements set forth in Exhibit D;

(xi) Delivery to State Farm of an updated Code Compliance Report in substance acceptable to State Farm and form reasonably acceptable to State Farm;

(xii) No material adverse change shall have occurred with respect to the Secured Property or the financial condition of Borrower or Guarantor, as of the date not earlier than fifteen (15) days prior to Conversion, as evidenced (in the case of the financial condition of Borrower and Guarantor) by current Financial Statements of Borrower and Guarantor delivered to State Farm not later than five (5) business days prior to the Conversion;

(xiii) Borrower shall pay all reasonable expenses including, without limitation, attorneys' fees and legal expenses, incurred by State Farm in connection with determining whether the conditions to Conversion set forth in this Agreement are fully satisfied and in connection with the preparation, negotiation and execution of any documentation for the Conversion;

(xiv) All payments to be made by Borrower to State Farm in connection with the Conversion (including, without limitation, the expenses described in subparagraph (xiii) above, if applicable) shall be made in good and immediately available funds to State Farm, and shall be payable as otherwise provided in the Note for principal or interest payments; and

(xv) Rent commencement with respect to that certain Indenture of Lease, dated October 18, 2017 (the “Ford Major Lease”), between River Bend Development CT, LLC, as landlord, and Ford Motor Company, as Tenant (the “Ford Major Tenant”), evidenced by a confirmatory Tenant Estoppel Certificate from the Ford Major Tenant in form and substance satisfactory to State Farm.

(c) Upon satisfaction of the Conversion Conditions by Borrower on or before the Initial Maturity Date in accordance herewith, State Farm shall return the Deposit Balance. If Conversion does not occur on or before the Initial Maturity Date, in addition to any other remedies that State Farm may exercise, the Deposit Balance shall be retained by State Farm and shall not thereafter be returnable to Borrower.

(d) Notwithstanding anything to the contrary set forth herein, if Borrower shall be unable to satisfy the Conversion Conditions, Conversion shall not occur and the Loan will be payable in full upon the expiration of the Construction Loan Period. However, State Farm, in its sole and absolute discretion, shall have the right, exercisable by delivery of written notice thereof to Borrower, to either (i) cause Conversion to occur regardless of the extent of Borrower's satisfaction or non-satisfaction of the Conversion Conditions and regardless of any desire of Borrower to stop the Conversion (provided that such Conversion shall not be a waiver of Loan Document requirements with regard to matters referenced in the Conversion Conditions such as lien releases), or (ii) extend the Conversion Date to a specified date (the effect of which shall be to

lengthen the Construction Loan Period and shorten the permanent portion of the Loan). The Conversion Date will not automatically extend in the event State Farm approves extension of the permitted Completion Date. If State Farm causes Conversion to take place notwithstanding that all of the Conversion Conditions have not been satisfied, then Guarantor's liability under Section 3A of the Guaranty (and Borrower's full recourse liability under the Note) shall continue to exist until satisfaction of all Conversion Conditions (other than the condition that State Farm enter into a written agreement pursuant to Section 2.10(b)(ii) which condition shall be deemed waived by State Farm). However, if all of the Conversion Conditions have not been satisfied on or before twelve (12) months after Conversion, then Guarantor's liability under Section 3A of the Guaranty (and Borrower's full recourse liability) shall continue to exist until the Loan is repaid in full, and there will be no future opportunity for Guarantor or Borrower to reduce such liability.

ARTICLE 3 -- REPRESENTATIONS AND WARRANTIES OF BORROWER

To induce State Farm to make the Loan, Borrower hereby represents and warrants to State Farm (which representations and warranties shall survive the execution and delivery of the Note and the making of the Advances) that:

Section 3.1 Financial Statements. The Financial Statements are true, correct, and complete in all material aspects as of the dates specified therein and fully and accurately present the financial condition of Borrower and Guarantor as of the dates specified. No material adverse change has occurred in the condition, financial or otherwise, of Borrower or Guarantor since the dates of the Financial Statements. Each of Borrower and Guarantor is solvent after giving effect to all borrowings contemplated in this Agreement.

Section 3.2 Suits, Actions, Etc. There are no actions, suits, investigations or proceedings pending or, to Borrower's knowledge, threatened in any court or before or by any Governmental Authority against or affecting Borrower, Guarantor or the Secured Property or involving the validity, enforceability or priority of any of the Loan Documents, at law or in equity. The consummation of the transactions contemplated hereby and the performance of the terms and conditions hereof and of the other Loan Documents will not cause Borrower or Guarantor to be in violation of, or in default with respect to, any Governmental Requirement, or result in a breach of, or constitute a default under, any note, lease, contract, deed of trust, agreement or other undertaking or restriction to which Borrower or Guarantor is a party or by which Borrower or Guarantor may be bound or affected. Neither Borrower nor Guarantor is in default under the terms of any order of any court or any requirement of any Governmental Authority. Borrower is not in default under the terms of any indebtedness or obligation and Guarantor is not in default under the terms of any indebtedness or obligation.

Section 3.3 Status of Borrower; Valid and Binding Obligation. Borrower is (a) a Connecticut limited liability company duly organized and validly existing under the laws of the state of its organization; and (b) possessed of all power and authority necessary to own the Secured Property and to construct and operate the Improvements, to enter into and perform its obligations under the Loan Documents to which it is a party and to make the borrowings contemplated hereby. All of the Loan Documents and all other documents referred to herein to which Borrower is a party, upon execution and delivery, will constitute legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their terms, except as the enforcement thereof may be limited by Debtor Relief Laws. The Guaranty and all other documents referred to herein to which Guarantor is a party, upon execution and delivery, will constitute legal, valid and binding obligations of Guarantor enforceable against Guarantor in accordance with their terms, except as the enforcement thereof may be limited by Debtor Relief Laws.

Section 3.4 Title to the Secured Property. Borrower holds full legal and equitable title to the Secured Property in fee simple absolute, subject only to the "Permitted Encumbrances" (as defined in the Mortgage).

Section 3.5 Construction. Prior to the recordation of the Mortgage (a) no work of any kind (including the destruction or removal of any existing improvements, site work, clearing, grading, grubbing, draining or fencing of the Land) shall have commenced or shall have been performed on the Land for which the amounts owed in connection therewith are delinquent or have not otherwise been paid in accordance with their terms and for which a lien against the Secured Property may be filed, unless those parties having such lien rights have entered into subordination agreements subordinating their lien rights to the Mortgage; (b) no equipment or material shall have been delivered to or upon the Land for any purpose whatsoever for which the amounts owed in connection therewith are delinquent or have not otherwise been paid in accordance with their terms and for which a lien against the Secured Property may be filed, unless those parties having such lien rights have entered into subordination agreements subordinating their lien rights to the Mortgage; and (c) no contract (or memorandum or affidavit thereof) for the supplying of labor, materials or services for the construction of the Improvements nor any affidavit of commencement of construction of the Improvements, shall have been executed or recorded in the mechanic's lien or other public records in the town where the Land is located, unless those parties having such lien rights have entered into subordination agreements subordinating their lien rights to the Mortgage.

Section 3.6 Disclosure. There is no fact that Borrower has not disclosed to State Farm in writing that could materially and adversely affect the Secured Property or the business or financial condition of Borrower, Guarantor or the Secured Property.

Section 3.7 System Compliance. (a) the storm and sanitary sewer system, water system, all mechanical systems of the Secured Property and other parts of the Improvements when completed in accordance with the Plans will comply with all Governmental Requirements; and (b) all Governmental Authorities have issued all necessary permits, licenses or other authorizations for the construction of the Improvements (specifically including the named systems).

Section 3.8 Utility and Access Availability. (a) all utility and municipal services required for the construction, occupancy and operation of the Improvements including, without limitation, water supply, storm and sanitary sewer systems, gas, electric and telephone facilities, are available for use and tap-on at the boundaries of the Secured Property and available in sufficient amounts for the normal and intended use of the Improvements; and (b) Borrower has obtained written acknowledgments from the applicable utility companies or municipalities of their willingness to connect the Improvements into each of said services.

Section 3.9 Taxes. Borrower has filed all necessary tax returns and reports and has paid all taxes and governmental charges thereby shown to be owing except any such taxes or charges that are being contested in good faith by appropriate proceedings which have been disclosed to State Farm in writing prior to the date of this Agreement and for which adequate reserves have been set aside on Borrower's books in accordance with generally accepted accounting principles.

Section 3.10 Plans. A true and correct copy of the Plans has been delivered to State Farm and such Plans are satisfactory to Borrower, have been approved by State Farm and all applicable Governmental Authorities to the extent currently required, have been accepted by the Contractors, are complete in all respects and contain all detail necessary for the construction of the Improvements. The Plans do comply with all applicable restrictive covenants, Governmental Requirements and all standards and regulations of appropriate supervising boards of fire underwriters and similar agencies and the engineering specifications are within applicable environmental standards.

Section 3.11 Violations. Borrower has no knowledge of and has received no notices of any violations of any Governmental Requirement.

Section 3.12 Compliance with Restrictions and Agreements. The use of the Secured Property contemplated by Borrower complies with all applicable restrictive covenants and Governmental Requirements and all standards and regulations of appropriate supervising boards of fire underwriters and similar agencies and with the terms of all agreements affecting the Secured Property.

Section 3.13 Inducement to State Farm. The representations and warranties contained in the Loan Documents are made by Borrower as an inducement to State Farm to make the Loan. Borrower understands that State Farm is relying on such representations and warranties and that such representations and warranties shall survive any (a) bankruptcy proceedings involving Borrower, Guarantor or the Secured Property; (b) foreclosure of the Mortgage; or (c) conveyance of title to the Secured Property in lieu of foreclosure of the Mortgage. Acceptance of each Advance constitutes reaffirmation, as of the date of such acceptance, of the representations and warranties of Borrower in the Loan Documents on which State Farm shall rely in making each Advance.

ARTICLE 4 -- COVENANTS AND AGREEMENTS OF BORROWER

Borrower hereby covenants and agrees as follows:

Section 4.1 Compliance of Plans and Secured Property. Borrower assumes full responsibility for the compliance of the Plans and the Secured Property, (including the storm and sanitation sewer system, water system, all mechanical systems and the use of the Improvements), with all (a) applicable restrictive covenants; (b) Governmental Requirements; (c) standards and regulations of appropriate supervising boards of fire underwriters and similar agencies; (d) engineering specifications that are within applicable environmental standards; and (e) sound building and engineering practices. Evidence of such compliance shall be delivered to State Farm as requested from time to time by State Farm. Notwithstanding any approvals by State Farm, State Farm shall have no obligation or responsibility whatsoever for the Plans or any other matter incident to the Secured Property or the construction of the Improvements. Immediately upon Borrower's receipt of any notice from a Governmental Authority of noncompliance with any Governmental Requirements, Borrower shall deliver to State Farm a copy of such notice.

Section 4.2 Contracts. Other than those Construction Contracts listed on Exhibit O attached hereto which State Farm has approved, neither Borrower nor Guarantor shall become party to any contract, having a contract price in excess of \$100,000.00, including a Construction Contract, for the performance of any work on the Secured Property or for the supplying of any labor, materials or services for the construction of the Improvements except upon such terms and with such parties as shall be approved in writing by State Farm. Each Construction Contract shall (a) provide that all liens of the Contractor and any right to remove removable Improvements are subordinate to the Mortgage and State Farm's rights thereunder; and (b) require subcontracts and purchase orders to contain a provision subordinating the subcontractor's and materialman's liens and any right to remove removable Improvements to the Mortgage and State Farm's rights thereunder; provided, however, in lieu of such provisions within a Construction Contract, Borrower may obtain subordination agreements from each Contractor, subcontractor and material supplier having a contract for more than \$100,000 which subordinate such parties lien rights to the Mortgage. Each Construction Contract shall also provide that no modification, amendment or supplement to the Construction Contract shall be effective without the prior written approval of State Farm. No approval by State Farm of any Construction Contract or change order shall make State Farm responsible for the adequacy, form, or content of such Construction Contract or change order.

Section 4.3 Construction and Completion of the Improvements. (a) Borrower shall obtain all permits, licenses or other authorization required by the Governmental Authorities for the construction, occupancy, operation and use of the Improvements; (b) Borrower shall prosecute the construction of the Improvements (i) with diligence and continuity; (ii) in a good and workmanlike manner; (iii) with new materials of high quality; and (iv) in accordance with sound building and engineering practices, all applicable Governmental Requirements and the Plans. Borrower shall not permit cessation of work for a period in excess of fifteen (15) days (whether or not consecutive) without the prior written consent of State Farm and shall cause Completion to occur on or before the Completion Date, free and clear of all liens except the Mortgage; and (c) Borrower shall provide that all utility and municipal services required for the Improvements including, without limitation, water supply, storm and sanitary sewer systems, gas, electric and telephone facilities are available in sufficient amounts for the normal and intended use of the Improvements.

Section 4.4 Correction of Defects. Borrower shall promptly correct or cause to be corrected (a) any material defect in the Improvements; (b) any material departure in the construction of the Improvements from the Plans or the Governmental Requirements; or (c) any encroachment by any part of the Improvements or any structure located on the Secured Property on any building setback line, easement, Secured Property line or restricted area.

Section 4.5 Storage of Materials. Borrower shall cause all materials supplied for, or intended to be utilized in, the construction of the Improvements, but not affixed to or incorporated into the Improvements or the Land, to be stored on the Land or at such other location as may be approved by State Farm in writing, with adequate safeguards, as required by State Farm, to prevent loss, theft, damage or commingling with other materials or projects.

Section 4.6 Inspection of the Secured Property. Prior to Conversion, Borrower shall permit State Farm, any Governmental Authority and their respective agents, representatives, employees, consultants and contractors to enter upon the Secured Property and any location where materials intended to be utilized in the construction of the Improvements are stored, for the purpose of inspection of the Secured Property and such materials at all reasonable times and at Borrower's expense; after Conversion, State Farm's right of entry shall be subject to the rights of the tenants under the Leases pursuant to the terms of the Leases.

Section 4.7 Insurance. Borrower shall maintain or cause to be maintained in force insurance coverage at the times and to the extent required under State Farm's Insurance Requirements set forth in Exhibit I attached hereto. Borrower shall furnish to State Farm prior to Closing and at each subsequent insurance renewal, a policy and/or certificates from the respective insurer(s) setting forth the nature and extent of all insurance maintained by Borrower in accordance with this Section.

Section 4.8 Notice to State Farm. Borrower shall promptly notify State Farm in writing of any of the following occurrences or events as the same become known to Borrower, specifying in each case, the action Borrower has taken or caused to be taken, or proposes to take or cause to be taken, with respect thereto: (a) the occurrence of any Event of Default or any event which with the giving of notice or the lapse of time, or both, could become an Event of Default; (b) any default by Borrower under any Governmental Requirement or in the payment of any Indebtedness (or in the performance of any Obligation related thereto); (c) any adverse change in the condition, financial or otherwise, of Borrower or Guarantor; (d) the occurrence of any litigation, arbitration or governmental investigation or proceeding not previously disclosed by Borrower to State Farm in writing which has been instituted or (to Borrower's Knowledge) is threatened against Borrower or the Secured Property; (e) any actual or threatened condemnation or other taking of any portion of the Secured Property, whether for a temporary or permanent use, or any negotiations with respect to any such taking or any loss of or substantial damage to any portion of the Secured Property; (f) the occurrence of any labor dispute not previously disclosed by Borrower to State

Farm in writing which is pending or (to Borrower's Knowledge) threatened against Borrower or any Contractor involved in the construction of the Improvements, with regard to the Improvements, or the occurrence of any material development in any such labor dispute previously disclosed to State Farm; (g) any notice received by Borrower with respect to the cancellation, material adverse alteration or non-renewal of any insurance coverage maintained or required to be maintained with respect to the Secured Property; and (h) any failure by Borrower or Contractor to perform any obligation under the Construction Contract or the occurrence or existence of any event or condition which would permit Borrower or Contractor to terminate the Construction Contract or suspend work thereunder, or any notice given by Borrower or Contractor with respect to any of the foregoing.

Section 4.9 Costs and Expenses. Borrower shall pay when due all costs and expenses required by this Agreement including, without limitation (a) all taxes and assessments applicable to the Secured Property; (b) appraisal fees; (c) all fees for filing or recording the Loan Documents; (d) all fees and commissions lawfully due to brokers, salesmen and agents in connection with the Loan or the Secured Property; (e) all fees and expenses of counsel to State Farm in connection with the negotiation, preparation, amendment, enforcement or defense of the Loan Documents or the making of any Advance; (f) all title insurance and title examination charges, including premiums for the Title Insurance and any endorsements and escrow fees and UCC search fees; (g) all survey costs and expenses, including the cost of each Survey; (h) all premiums for insurance; (i) all environmental site assessments and related costs and expenses; and (j) all other reasonable costs and expenses payable to third parties incurred by State Farm in connection with the investigation, documentation, negotiation, consummation, enforcement or defense of the transactions contemplated by this Agreement.

Section 4.10 Further Assurances. Borrower shall execute and deliver to State Farm, from time to time as requested by State Farm, such other documents, agreements, certificates, affidavits and other instruments as shall be reasonably necessary to provide the rights and remedies to State Farm granted or provided for by the Loan Documents.

Section 4.11 Inspection of Books and Records. Borrower will keep accurate books and records in accordance with generally accepted accounting principles in which full, true and correct entries shall be promptly made with respect to the Secured Property and the construction and operation thereof. Borrower shall permit State Farm, at all reasonable times, to examine and copy the books and records of Borrower pertaining to the Loan and the Secured Property and all contracts, statements, invoices, bills and claims for labor, materials and services supplied for the construction of the Improvements.

Section 4.12 No Liability of State Farm. State Farm shall have no liability, obligation or responsibility whatsoever with respect to the construction of the Improvements except to advance the Loan and the Borrower's Deposit pursuant to this Agreement. State Farm shall not be obligated to inspect the Secured Property or the construction of the Improvements and State Farm shall not be liable or responsible for (a) any defect in the Secured Property or the Improvements by reason of inspecting same; (b) the performance or default of Borrower, the Architect, the Engineer, the Inspecting Architects/Engineer, the Contractor or any other party or for any failure to construct, complete, protect or insure the Improvements; (c) the payment of costs of labor, materials or services supplied for the construction of the Improvements; or (d) the performance of any obligation of Borrower whatsoever. Nothing including, without limitation, any Advance or acceptance of any document or instrument, shall be construed as a representation or warranty, express or implied, to any party by State Farm.

Section 4.13 No Conditional Sale Contracts, Etc. No materials, equipment or fixtures shall be supplied, purchased or installed for the construction or operation of the Improvements pursuant to security agreements, conditional sale contracts, lease agreements or other arrangements or understandings whereby a security interest or title is retained by any party or the right is reserved or accrues to any party to remove

or repossess any materials, equipment or fixtures intended to be utilized in the construction or operation of the Improvements.

Section 4.14 Defense of Actions. State Farm may (but shall not be obligated to) commence, appear in or defend any action or proceeding purporting to affect the Loan, the Secured Property or the respective rights and obligations of State Farm and Borrower pursuant to this Agreement. State Farm may (but shall not be obligated to) pay all necessary expenses, including reasonable attorneys' fees and expenses incurred in connection with such proceedings or actions, which Borrower agrees to repay to State Farm within ten (10) days after written demand from State Farm.

Section 4.15 Prohibition on Assignment of Borrower's Interest. Borrower shall not assign or encumber any interest of Borrower hereunder without the prior written consent of State Farm.

Section 4.16 Payment of Claims. Borrower shall promptly pay or cause to be paid when due all costs and expenses incurred in connection with the Secured Property and the construction of the Improvements and Borrower shall keep the Secured Property free and clear of any lien, charge or claim other than the encumbrances of the Mortgage and other liens, if any, approved in writing by State Farm. Notwithstanding anything to the contrary contained in this Agreement, Borrower or Guarantor may contest, to the extent and in the manner permitted by law, the validity or amount of any claim of any contractor, consultant, architect or other person providing labor, materials or services with respect to the Secured Property, or any tax or special assessment levied by any Governmental Authority and such contest on the part of Borrower shall not be an Event of Default hereunder and shall not release State Farm from its obligations to make Advances hereunder; provided, however, that during the pendency of any such contest, Borrower shall furnish to State Farm and the Title Company an indemnity bond with corporate surety satisfactory to State Farm and the Title Company or other security acceptable to them in an amount equal to the amount being contested plus a reasonable additional sum to cover possible costs, interest and penalties, and provided further that Borrower shall pay any amount adjudged by a court of competent jurisdiction to be due, with all costs, interests and penalties thereon, before such judgment becomes a lien on the Secured Property.

Section 4.17 Restrictions and Annexation. Neither Borrower nor Guarantor shall impose any restrictive covenants, easements or other encumbrances upon the Secured Property, execute or file any subdivision plat affecting the Secured Property or consent to the annexation of the Secured Property to any municipality without the prior written consent of State Farm.

Section 4.18 Advertising by State Farm. Borrower shall not make public State Farm's name in connection with the Project without the prior written consent of State Farm. Borrower shall permit, during the term of the Loan, State Farm to erect and maintain on the Secured Property one or more advertising signs indicating that the construction financing for the Secured Property has been provided by State Farm.

Section 4.19 Current Financial Statements. Without limitation of any requirements of the Loan Documents, until Conversion, Borrower shall deliver to State Farm:

- (a) An annual operating budget for the Secured Property for the next succeeding fiscal year as soon as reasonably practicable before the end of each fiscal year of Borrower, but in any event, within 60 days before each fiscal year end;
- (b) Within 60 days after the end of each fiscal quarter, quarterly Financial Statements of Borrower and Guarantor; and

(c) Promptly after request therefor, such other information (financial or otherwise) concerning the Secured Property, Borrower or Guarantor, or its or their constituent entities, as State Farm may reasonably request.

Section 4.20 Guarantor Financial Covenants. Until such time as the Personal Liability Reduction Conditions have been satisfied in accordance with Section 7.14 of this Agreement:

(a) Minimum Net Worth. Guarantor shall not permit the Net Worth of Guarantor at any time to be less than \$75,000,000;

(b) Minimum Liquid Assets. Guarantor shall not permit Guarantor's Liquid Assets at any time to be less than \$5,000,000.

(c) The Leverage Ratio of Guarantor shall not exceed 0.65:1.0.

(d) Guarantor shall satisfy the financial covenants (such as liquidity, net worth, financial ratios and debt limits) set forth from time to time in any significant lines of credit extended to Guarantor.

(e) Borrower shall cause Guarantor to deliver within 60 days after the end of the first three fiscal quarters of Guarantor, and within 90 days of the end of the fiscal fourth quarter, evidence of satisfaction of the above financial covenants, certified by the Chief Financial Officer or other officer acceptable to State Farm. However, so long as a Guarantor is a public company and the required financial statements and information necessary to calculate the financial covenants can be downloaded by State Farm for no additional charge, then delivery by that Guarantor will not be required.

Section 4.21 Loan Participation/Syndication. Borrower acknowledges and agrees that State Farm may, from time to time, sell or offer to sell interests in the Loan to one or more participants. Borrower authorizes State Farm to disseminate any information it has pertaining to the Loan including, without limitation, credit information on Borrower, any of its principals and Guarantor, to any such participant or prospective participant. Borrower agrees, at State Farm's request, to execute such additional promissory notes and other instruments as may be appropriate to evidence its obligation under the Loan to such syndicates from which State Farm shall have received a commitment, in the future, to fund a portion of the Loan according to the terms of this Agreement.

Section 4.22 Inspections. State Farm may require the Inspecting Architects/Engineers to make periodic inspections of the Secured Property during the course of construction in order to certify to Borrower and State Farm that at the time an Application for Advance is made: (a) the amount requested is in proportion to the work completed; (b) all work has been performed in a workmanlike manner; (c) the work performed is substantially in accordance with the Plans; and (d) there are sufficient Loan funds (plus any Borrower's Deposit) remaining to complete the Project. The Inspecting Architects/Engineers must be satisfied that the Project is in compliance with reasonable fire, safety and health standards, in addition to standards imposed by law or regulation.

Section 4.23 Indemnification. **BORROWER SHALL INDEMNIFY AND HOLD HARMLESS (A) STATE FARM; (B) ANY AFFILIATE OF STATE FARM; (C) ANY PARTICIPANTS IN THE LOAN; (D) THE DIRECTORS, OFFICERS, PARTNERS, EMPLOYEES AND AGENTS OF STATE FARM; AND (E) THE HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS OF EACH OF THE FOREGOING PERSONS OR ENTITIES IN THEIR CAPACITIES AS SUCH (EACH AN "INDEMNIFIED PARTY") FROM AND AGAINST, AND REIMBURSE THEM ON DEMAND FOR, ANY AND**

ALL LOSSES IN CONNECTION WITH THE PERSONAL LIABILITY SET FORTH IN SECTION 7.14. TO THE EXTENT PERMITTED BY LAW, WITHOUT LIMITATION, THE FOREGOING INDEMNITIES SHALL APPLY TO EACH INDEMNIFIED PARTY WITH RESPECT TO MATTERS WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF SUCH (AND/OR ANY OTHER) INDEMNIFIED PARTY, IT BEING THE INTENT OF THE PARTIES THAT THE NEGLIGENCE OF SUCH PARTIES BE EXPRESSLY COVERED HEREBY. However, such indemnities shall not apply to the extent that the subject of the indemnification is caused by or arises out of the gross negligence or willful misconduct of any Indemnified Party. Any amount to be paid under this Section by Borrower to an Indemnified Party shall be a demand obligation owing by Borrower (which Borrower hereby promises to pay) to State Farm, as part of the Indebtedness, even if in excess of the amount committed by State Farm under Section 2.1, and secured by the Loan Documents. Nothing in this Section, elsewhere in this Agreement or in any other Loan Document shall limit or impair any rights or remedies of State Farm, or any other Indemnified Party (including, without limitation, any rights of contribution or indemnification), against Borrower or any other person under any other provision of this Agreement, any other Loan Document, any other agreement or any applicable Governmental Requirement. The liability of Borrower or any other person under this indemnity shall not be limited or impaired in any way by (i) the release, foreclosure or other termination of the Mortgage, the payment in full of the Indebtedness, any bankruptcy or other debtor relief proceeding, or any other event whatsoever; and (ii) any provision in the Loan Documents or applicable law limiting Borrower's or such other person's liability or State Farm's recourse or rights to a deficiency judgment, or by any change, extension, release, inaccuracy, breach or failure to perform by any party under the Loan Documents, Borrower's (and, if applicable, such other person's) liability hereunder being direct and primary and not as a guarantor or surety.

Section 4.24 State Farm's Action for its Own Protection Only. The authority herein conferred upon State Farm, and any action taken by State Farm to inspect the Secured Property, procure waivers or sworn statements and approve contracts, subcontracts, purchase orders and Plans, will be exercised and taken by State Farm for State Farm's protection only and may not be relied upon by Borrower for any purposes whatever. State Farm shall not be deemed to have assumed any responsibility to Borrower with respect to any such action herein authorized or taken by State Farm or with respect to the proper construction of the Improvements on the Secured Property, performance of contracts, subcontracts or purchase orders by any Contractor, subcontractor or material supplier or prevention of mechanics' liens from being claimed or asserted against any of the Secured Property. Any review, investigation or inspection conducted by State Farm or any Inspecting Architects/Engineers retained by State Farm to verify independently Borrower's satisfaction of any conditions precedent to Loan disbursements under this Agreement, Borrower's performance of any of the covenants, agreements and obligations of Borrower under this Agreement or the validity of any representations and warranties made by Borrower hereunder (regardless of whether the party conducting such review, investigation or inspection shall have discovered that any of such conditions precedent were not satisfied or that any such covenants, agreements or obligations were not performed or that any such representations or warranties were not true), shall not affect (or constitute a waiver by State Farm of) (a) any of Borrower's representations and warranties under this Agreement or State Farm's reliance thereon; or (b) State Farm's reliance upon any certifications of Borrower, the Contractor or the Architect required under this Agreement or any other facts, information or reports furnished to State Farm by Borrower hereunder.

Section 4.25 Appraisals. The Initial Appraisal has been delivered to, and approved by State Farm. Prior to Conversion, State Farm may at its option obtain a Final Appraisal at Borrower's expense. Prior to the funding of the Additional Funding Amount, State Farm may at its option obtain the Additional Funding Appraisal. After Conversion State Farm may at its option obtain at Borrower's expense, once every twelve (12) months or as otherwise requested by State Farm (but in no event more often than once each year), an additional appraisal of the Secured Property or any part thereof. Each such appraisal shall be prepared on

the same basis as the Initial Appraisal and the Final Appraisal. The costs of each appraisal shall be payable by Borrower to State Farm within ten (10) days following written demand therefor (which obligation Borrower hereby promises to pay).

Section 4.26 Foundation Survey. Not later than thirty (30) days after completion of each foundation with respect to the Improvements, Borrower shall furnish to State Farm a survey of the Land with such foundation located thereon, and also satisfying the requirements set forth in Exhibit D.

Section 4.27 Security Deposits. Borrower shall deposit and maintain all security deposits from the operation of the Secured Property in a separate account or accounts approved by State Farm exclusively for such security deposits. In addition, the depository bank must be acceptable to State Farm and State Farm shall have the right, from time to time, to require Borrower to change depository banks. State Farm shall have the absolute right to monitor such account(s) and to cause Borrower to contribute funds to such account(s) when in State Farm's sole discretion amounts in such account(s) are not equal to the security deposits under all Leases.

Section 4.28 Management Contracts. Borrower shall not enter into, modify, amend, terminate or cancel any management contracts for the Secured Property or agreements with agents or brokers, without the prior written approval of State Farm, which approval shall not be unreasonably withheld, conditioned or delayed.

Section 4.29 Assignment of Construction Contract. As additional security for the payment of the Loan, Borrower hereby transfers and assigns to State Farm and grants State Farm a security interest in all of Borrower's right, title and interest in and to (but not its liability for any breach under) each Construction Contract upon the following terms and conditions:

(a) Borrower represents and covenants that the copy of any Construction Contract Borrower has furnished or will furnish to State Farm is and shall be a true and complete copy thereof and that Borrower's interest therein is not subject to any claim, setoff or encumbrance;

(b) Borrower shall obtain and deliver to State Farm the consent and acknowledgement of the applicable Contractor (the "Contractor's Consent") to the provisions of this assignment in form and substance satisfactory to State Farm;

(c) Neither this assignment nor any action by State Farm shall constitute an assumption by State Farm of any obligation under any Construction Contract and Borrower shall continue to be liable for all obligations of Borrower thereunder, Borrower hereby agreeing to perform all of its obligations under each Construction Contract;

(d) At Borrower's expense, State Farm shall have the right at any time (but shall have no obligation) to take in its name or in the name of Borrower such action as State Farm may at any time determine to be necessary or advisable to cure any default under any Construction Contract or to protect the rights of Borrower or State Farm thereunder. State Farm shall incur no liability if any action so taken by it or in its behalf shall prove to be inadequate or invalid;

(e) Borrower hereby irrevocably constitutes and appoints State Farm as Borrower's attorney-in-fact, in Borrower's name or in State Farm's name, to enforce all rights of Borrower under the Construction Contract; provided, however, State Farm shall not exercise any such rights unless an Event of Default shall have occurred and be continuing;

(f) Prior to the occurrence of an Event of Default, Borrower shall have the right to exercise its rights as owner under each Construction Contract, provided that Borrower shall not cancel or amend any Construction Contract or do or suffer to be done any act which would impair the security constituted by this assignment without the prior written consent of State Farm; and

(g) This assignment shall inure to the benefit of State Farm, its successors and assigns, including any purchaser upon foreclosure of the Mortgage, any receiver in possession of the Secured Property and any corporation or other entity formed by or on behalf of State Farm which assumes State Farm's rights and obligations under this Agreement.

Section 4.30 Assignment of Architectural Contract, Engineering Contract and Plans. As additional security for the payment of the Loan, Borrower hereby transfers and assigns to State Farm and grants to State Farm a security interest in all of Borrower's right, title and interest in and to (but not its liability for any breach under) the Architectural Contract, the Engineering Contract and the Plans upon the following terms and conditions:

(a) Each schedule of the Plans delivered or to be delivered to State Farm is and shall be a complete and accurate description of the Plans;

(b) Borrower represents and covenants that the copy of any Architectural Contract and Engineering Contract Borrower has furnished or will furnish to State Farm is and shall be a true and complete copy thereof and Borrower's interest therein is not subject to any claim, setoff or encumbrance;

(c) Borrower shall obtain and deliver to State Farm the consent and acknowledgement of the Architect (the "Architect's Consent") and/or Engineer (the "Engineer's Consent") to the provisions of this assignment in form and substance satisfactory to State Farm;

(d) Borrower represents and covenants that the Plans are complete and adequate for the construction of the Improvements and there have been no modifications thereof except as described in such schedule. The Plans shall not be modified without the prior written consent of State Farm;

(e) State Farm may use the Plans for any purpose relating to the Improvements including, without limitation, inspections of construction and the completion of the Improvements;

(f) State Farm's acceptance of this assignment shall not constitute approval of the Plans by State Farm. State Farm has no liability or obligation whatsoever in connection with the Plans and no responsibility for the adequacy thereof or for the construction of the Improvements contemplated by the Plans. State Farm has no duty to inspect the Improvements and, if State Farm should inspect the Improvements, State Farm shall have no liability or obligation to Borrower arising out of such inspection. No such inspection nor any failure by State Farm to make objections after any such inspection shall constitute a representation by State Farm that the Improvements are in accordance with the Plans or any other requirement or constitute a waiver of State Farm's right thereafter to insist that the Improvements be constructed in accordance with the Plans and all other requirements;

(g) Neither this assignment nor any action by State Farm shall constitute an assumption by State Farm of any obligation under the Architectural Contract or the Engineering

Contract and Borrower shall continue to be liable for all obligations of Borrower thereunder, Borrower hereby agreeing to perform all of its obligations under the Architectural Contract and the Engineering Contract;

(h) At Borrower's expense, State Farm shall have the right at any time (but shall have no obligation) to take in its name or in the name of Borrower such action as State Farm may at any time determine to be necessary or advisable to cure any default under the Architectural Contract or the Engineering Contract or to protect the rights of Borrower or State Farm thereunder. State Farm shall incur no liability if any action so taken by it or in its behalf shall prove to be inadequate or invalid;

(i) Borrower hereby irrevocably constitutes and appoints State Farm as Borrower's attorney-in-fact, in Borrower's name or in State Farm's name, to enforce all rights of Borrower under the Architectural Contract and the Engineering Contract; provided, however, State Farm shall not exercise any such rights unless an Event of Default shall have occurred and be continuing;

(j) Prior to the occurrence of an Event of Default, Borrower shall have the right to exercise its rights as owner under the Architectural Contract and the Engineering Contract, provided that Borrower shall not cancel or amend the Architectural Contract and the Engineering Contract or do or suffer to be done any act which would impair the security constituted by this assignment without the prior written consent of State Farm;

(k) Upon the occurrence of an Event of Default, State Farm shall have the right to alter, modify or change the Plans as determined in State Farm's sole discretion; and

(l) This assignment shall inure to the benefit of State Farm, its successors and assigns, including any purchaser upon foreclosure of the Mortgage, any receiver in possession of the Secured Property and any corporation or other entity formed by or on behalf of State Farm which assumes State Farm's rights and obligations under this Agreement.

ARTICLE 5 -- DEFAULT AND REMEDIES

Section 5.1 Events of Default. It shall constitute an event of default ("Event of Default") under this Agreement and, at the option of State Farm, under the other Loan Documents, if any of the following events shall occur:

(a) Failure to Pay Indebtedness or other Monetary Default. Any of the Indebtedness is not paid when due, whether by acceleration or otherwise, or Borrower defaults under any other monetary obligation herein;

(b) Nonperformance of Covenants herein set forth. Any non-monetary covenant, agreement or condition herein is not fully and timely performed, observed or kept, and (except with respect to monetary covenants, including, without limitation, the failure to pay any of the Indebtedness when due, and those covenants, agreements and conditions set forth in Sections 4.3, 4.7, 4.8, 4.10, 4.15, 4.17, 4.19, 4.20 and 4.21) such failure is not cured within thirty (30) days following written notice of such failure from Lender to Borrower (the "Grace Period"); provided, however, that State Farm shall extend any applicable Grace Period up to ninety (90) days if State Farm determines in good faith that: (i) such default cannot reasonably be cured within such Grace Period but can be cured within ninety (90) days; (ii) no lien or security interest created by the Loan Documents shall be impaired prior to the anticipated completion of such

cure; and (iii) State Farm's immediate exercise of any remedies provided in this Loan Agreement or by law is not necessary for the protection or preservation of the Secured Property or State Farm's security interest therein or lien thereon, and Borrower shall promptly commence and diligently pursue the cure of such default;

(c) Default in any other Loan Document. A default or event of default occurs under any Loan Document, other than this Agreement, and the same is not remedied within the applicable period of grace (if any) or notice and opportunity to cure (if any) provided in such Loan Document;

(d) Representations. Any statement, representation or warranty in any of the Loan Documents, or in any financial statement or any other writing heretofore or hereafter delivered to Lender in connection with the Indebtedness is false, fraudulent, misleading or erroneous in any material respect on the date or on the date as of which such statement, representation or warranty is made or deemed remade;

(e) Failure to Obtain an Advance. Borrower fails to satisfy all conditions to an Advance for a period in excess of fifteen (15) days after submission of an Application for Advance;

(f) Injunction. Any court of competent jurisdiction enjoins construction of any of the Improvements or enjoins or prohibits Borrower or State Farm from performing this Agreement or any of the other Loan Documents and such injunction or order is not vacated within thirty (30) days after the granting thereof;

(g) Litigation Against Borrower or Guarantor. Any suit is filed against Borrower or Guarantor, which if adversely determined, in State Farm's reasonable judgment, could substantially impact the ability of Borrower or Guarantor to perform each and every one of its obligations under the Loan Documents;

(h) Abandonment. Borrower (or any other owner of the Secured Property) abandons any or all of the Secured Property;

(i) [Reserved];

(j) Failure to Satisfy Conversion Conditions. If Borrower shall fail to satisfy the Conversion Conditions in accordance with the terms of this Agreement prior to the Initial Maturity Date; and

(k) Event of Default Under the Additional State Farm Financing Loan Documents. An Event of Default (as defined in the Additional State Farm Financing Loan Documents) shall exist under any of the Additional State Farm Financing Loan Documents.

Section 5.2 Certain Remedies. Should an Event of Default occur, State Farm may, at its election, do any one or more of the following without notice (unless and to the extent notice is required by applicable statute):

(a) Declare the Indebtedness, or any part thereof, immediately due and payable, without presentment, demand, protest, notice of protest, declaration or notice of acceleration or intention to accelerate, or any other notice or declaration or act of any kind, all of which are hereby expressly waived by Borrower;

(b) Terminate its commitment to lend and any obligation to disburse any Borrower's Deposit hereunder;

(c) Reduce any claim to judgment; or

(d) Exercise any and all rights and remedies afforded by any of the Loan Documents, or by law or equity or otherwise, as State Farm shall deem appropriate.

Section 5.3 Completion of Construction, Etc. Upon the occurrence of an Event of Default, State Farm shall have the right, in addition to any other right or remedy of State Farm, but not the obligation, in its own name or in the name of Borrower, to enter into possession of the Secured Property, to perform all work necessary to complete the construction of the Improvements substantially in accordance with the Plans (or the Plans as altered, modified or changed as determined in State Farm's sole discretion), and the Governmental Requirements and to employ watchmen and other safeguards to protect the Secured Property. Borrower hereby appoints State Farm as the attorney-in-fact of Borrower with full power of substitution, and in the name of Borrower, if State Farm elects to do so, upon the occurrence of an Event of Default, to (a) use such sums as are necessary, including any proceeds of the Loan and the Borrower's Deposit to make such changes or corrections in the Plans and employ such architects, engineers, and contractors as may be required for the purpose of completing the construction of the Improvements substantially in accordance with the Plans as altered, modified or changed, Governmental Requirements, and the requirements of any lease, if applicable; (b) execute all applications and certificates in the name of Borrower which may be required for completion of construction of the Improvements; (c) endorse the name of Borrower on any checks or drafts representing proceeds of any insurance, or other checks or instruments payable to Borrower with respect to the Secured Property; (d) do every act with respect to the construction of the Improvements which Borrower may do; and (e) prosecute or defend any action or proceeding incident to the Secured Property. The power of attorney granted hereby is a power coupled with an interest, is irrevocable and shall not terminate on disability of the principal. As specified in Section 4.12, State Farm shall have no obligation to undertake any of the foregoing actions and, if State Farm should do so, it shall have no liability to Borrower for the sufficiency or adequacy of any such actions taken by State Farm.

Section 5.4 Performance by State Farm on Borrower's Behalf. Borrower agrees that, if Borrower fails to perform any act or to take any action which under any Loan Document Borrower is required to perform or take, or to pay any money which under any Loan Document Borrower is required to pay, and there exists an Event of Default hereunder or thereunder, State Farm, in Borrower's name or its own name, may, but shall not be obligated to, perform or cause to be performed such act or take such action or pay such money and any expenses so incurred by State Farm and any money so paid by State Farm, shall be an obligation owing by Borrower to State Farm (which obligation Borrower hereby promises to pay within ten (10) days after written demand therefor by State Farm) and State Farm, upon making such payment, shall be subrogated to all of the rights of the person, entity or body politic receiving such payment. State Farm shall have the right to enter upon the Secured Property for any such purposes. No such payment or performance by State Farm shall waive or cure any Event of Default or waive any right, remedy or recourse of State Farm. Any such payment may be made by State Farm in reliance on any statement, invoice or claim without inquiry into the validity or accuracy thereof. Each amount due and owing by Borrower to State Farm pursuant to this Section shall bear interest each day, from and after the tenth (10) day after demand therefor by State Farm until paid, at the same rate as is provided in the Note for interest on past due payments owed on the Note and all such amounts, together with such interest thereon, shall be a part of the Indebtedness and shall be secured by the Mortgage. The amount and nature of any such expense and the time when paid shall be fully established by the certificate of State Farm or any of State Farm's officers or agents.

Section 5.5 Remedies Cumulative. All remedies provided for herein and in any other Loan Document are cumulative of each other and of any and all other remedies existing at law or in equity and State Farm shall, in addition to the remedies provided herein or in any other Loan Document, be entitled to avail itself of all such other remedies as may now or hereafter exist at law or in equity for the collection of the Indebtedness and the enforcement of the covenants herein and the foreclosure of the liens and security interests evidenced by the Mortgage or any other Loan Document and the resort to any remedy provided for hereunder or under any such other Loan Document or provided for by law or in equity shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

ARTICLE 6 -- LEASING AND TENANT MATTERS

Section 6.1 Leases. Except as set forth in Section 6.2 below, Borrower shall lease tenant space in the Improvements pursuant to the terms and conditions set forth in the Mortgage and the Assignment of Rents and Leases.

Section 6.2 Approval of Leases Prior to Conversion. All Leases (whether designated as “Major Leases” or otherwise in the Mortgage) executed prior to the recordation of State Farm’s Mortgage must be acceptable in form and content to State Farm and all tenants under the Leases must sign State Farm’s Tenant Estoppel Certificate and SNDA.

Section 6.3 Cash Flow Sweep Escrow. The Ford Major Lease has a lease term of 150 months (“Initial Lease Term”). Pursuant to the terms of the Ford Major Lease, the Ford Major Tenant has the option to extend the Initial Lease Term for an additional sixty (60) month period by giving to the Borrower written notice (“First Extension Notice”) at least 270 days prior to the expiration date of the Initial Lease Term. Borrower agrees that in the event the Ford Major Tenant does not exercise the option to extend the Initial Lease Term by giving the First Extension Notice as required under the terms of the Ford Major Lease, (A) Borrower shall immediately execute and deliver to State Farm the Cash Flow Escrow Agreement and cause the Cash Flow Sweep Account (as defined in the Cash Flow Escrow Agreement) to be opened, and (B) beginning on the first day of the ninth (9th) month prior to the expiration date of the Initial Lease Term and continuing for a period of nine (9) months thereafter (the “Cash Flow Escrow Period”), in addition to the regular Monthly Payment required under the Note, the Borrower shall pay to the Escrow Agent on behalf of State Farm pursuant to the Cash Flow Escrow Agreement an amount equal to the amount by which the monthly rents received under the Ford Major Lease exceed the sum of (i) the Monthly Payment required under the Promissory Note; and (ii) monthly operating expenses for the Secured Property including, without limitation, taxes and insurance (collectively the “Cash Flow Sweep Amount”). For the purpose of determining the monthly operating expenses for the Cash Flow Sweep Amount, which shall be subject to State Farm’s approval, no amount paid to Borrower or any affiliate of Borrower shall be deemed an operating expense. The Borrower shall deposit the Cash Flow Sweep Amount in escrow with the Escrow Agent for the purpose of the payment of future tenant improvements and leasing commissions for the Secured Property. On the first day of each month during the Cash Flow Escrow Period, Borrower shall deposit with Escrow Agent the applicable Cash Flow Sweep Amount and shall deliver to State Farm and Escrow Agent written reports certified by the chief financial officer of Borrower as true and correct (the “Cash Flow Reports”) detailing the calculation of the Cash Flow Sweep Amount. Such Cash Flow Reports shall be in form and substance reasonably satisfactory to State Farm and shall be accompanied by such financial reports, statements or other supporting documentation that State Farm may request in its sole discretion including, without limitation, the following: (i) balance sheets; (ii) profit and loss statements; (iii) month-end check register and copies of invoices; (iv) month-end accounts payable aging report; (v) bank reconciliations with bank statements for all cash accounts; and (vi) month-end rent roll.

Section 6.4 Tenant Expansion Option; Right of First Offer; Subordinate Financing. The Ford Major Lease grants the Ford Major Tenant an expansion option whereby the Ford Major Tenant has an

option (the “Expansion Option”) to cause Borrower, as Landlord, to construct for the Ford Major Tenant an expansion to the existing building to increase the size by approximately 54,000 square feet (the “Expansion Premises”). Notwithstanding anything contained in the Loan Documents to the contrary, in the event the Ford Major Tenant exercises the Expansion Option, the Borrower may obtain additional financing secured by the Secured Property, subject to the terms and conditions set forth in this Section.

A. In the event the Borrower seeks such additional financing secured by the Secured Property, it shall first offer such financing opportunity to State Farm (the “Additional State Farm Financing”). State Farm’s determination of whether to extend the Additional State Farm Financing and the terms and conditions governing the Additional State Farm Financing shall be determined by State Farm in its sole discretion. Any request for Additional State Farm Financing shall be subject, at minimum, to the following conditions in addition to any such other conditions imposed by State Farm at the time of request for the Additional State Farm Financing:

(i) There shall be no Event of Default under any of the Loan Documents in existence on the date of closing of such Additional State Farm Financing and no event shall have occurred as of such date which, with the passage of time, the giving of notice, or both, would constitute an Event of Default under any of the Loan Documents;

(ii) Upon exercise of the Expansion Option by the Ford Major Tenant, Borrower shall provide State Farm with written notice (the “Financing Notice”) of such exercise, which shall include the Total Expansion Costs (as defined in the Ford Major Lease) as well as Borrower’s then-current projection as to the rent payable for the Expansion Premises and the Market Rate Fixed Rent (as defined in the Ford Major Lease) payable for the Premises (excluding the Expansion Premises) and for the Renewal Period(s) (as defined in the Ford Major Lease) agreed to by Ford Major Tenant in writing in connection with its exercise of the Expansion Option;

(iii) State Farm shall receive, at no cost or expense to State Farm, an endorsement to State Farm’s Mortgage Loan Title Insurance Policy, in form and substance satisfactory to State Farm, insuring the continuing validity and first priority of State Farm’s lien securing the Indebtedness;

(iv) The Borrower shall pay for all costs and expenses associated with the documentation evidencing or securing the Additional State Farm Financing including, without limitation, the reasonable fees and expenses of State Farm’s outside counsel;

(v) State Farm shall receive a new Phase I Environmental Report;

(vi) The individual and combined Debt Service Coverage Ratio under the (i) Additional State Farm Financing and (ii) the Loan (including, without limitation, the Additional Funding, if advanced), respectively, shall be at least 1.35 to 1.0.

(vii) The amount of the Additional State Farm Financing, individually, and the initial Loan and Additional State Farm Financing collectively shall not exceed sixty-five percent (65%) of the value, respectively, of (i) the additional improvements to the Secured Property; and (ii) the Secured Property as completed with the additional improvements in place, each as determined by State Farm.

(viii) The Debt Yield must be at least nine percent (9%).

(ix) In addition to the payment of all costs and expenses relative to the Additional State Farm Financing referenced above, the Borrower shall pay an administrative fee to State Farm in the amount of \$5,000.

B. In the event that State Farm elects not to extend the Additional State Farm Financing to the Borrower after having been first offered such financing opportunity by Borrower, then Borrower shall be entitled to obtain subordinate secondary mortgage financing ("Secondary Financing") encumbered by the Secured Property, inferior to the lien of State Farm's first Mortgage and in form and content satisfactory to State Farm in State Farm's sole discretion, subject to the following terms and conditions:

(i) There shall be no Event of Default under any of the Loan Documents in existence on the date of closing of such Secondary Financing and no event shall have occurred as of such date which, with the passage of time, the giving of notice, or both, would constitute an Event of Default under any of the Loan Documents.

(ii) State Farm shall receive, at no cost or expense to State Farm, an endorsement to State Farm's Mortgage Loan Title Insurance Policy, in form and substance satisfactory to State Farm, insuring the continuing validity and first priority of State Farm's lien securing the Indebtedness.

(iii) State Farm may reinstate its rights to require escrow deposits of real estate taxes and insurance premiums, if previously waived.

(iv) The Borrower shall pay for any costs and expenses associated with reviewing and processing of the Secondary Financing documentation including, without limitation, the reasonable fees and expenses of State Farm's outside counsel.

(v) An event of default under the documents evidencing and/or securing the Secondary Financing which continues beyond any applicable notice and grace period shall constitute an Event of Default under the Loan Documents.

(vi) The lender for the Secondary Financing ("Secondary Lender"), which shall be subject to State Farm's approval, shall expressly acknowledge the priority of the debt, liens and security interests of State Farm over the debt, liens and security interests of the Secondary Financing, in a subordination agreement between State Farm and the Secondary Lender satisfactory in form and substance to State Farm ("Subordination Agreement"). Failure to include any of the following provisions in the Subordination Agreement shall constitute a default under State Farm's Note, and Mortgage. The Subordination Agreement shall provide, without limitation, that:

(a) Secondary Lender shall provide State Farm with written notice of any default under any document evidencing or securing such Secondary Financing concurrent with giving such notice to Borrower, copies of all such further notices to Borrower relating to such default and copies of any foreclosure proceedings involving the Borrower or the Secured Property;

(b) Any assignment of rents and leases as security for the Secondary Financing will be permitted only if the Secondary Lender specifically acknowledges that its interest in the rents and leases is subordinate to State Farm's right as set forth under the existing Mortgage and Assignment of Rents and Leases and that the Secondary Lender agrees that upon an Event of Default under any of State Farm's Loan Documents, Secondary lender will not collect or otherwise accept payments under any of the Loan Documents evidencing and/or securing such Secondary Financing;

(c) The terms of the Secondary Financing, including provisions for further advances of principal, shall not be changed without the written consent of State Farm;

(d) State Farm may, without affecting the first priority of its mortgage lien or the

subordination of the Secondary Financing and without obtaining the consent of the Secondary Lender (1) release or compromise any obligation in State Farm's Loan Documents; (2) modify or amend any of State Farm's Loan Documents; (3) release its liens in or surrender, release or permit any substitution or exchange of all or any part of any properties securing repayment of the Note; and (4) retain or obtain a lien in any property to further secure payment of the Note;

(e) No leases shall be subordinated to the Secondary Financing without approval in writing by State Farm of the subordination, non-disturbance and attornment agreement with the Secondary Lender and no lease of the Premises will be terminated in a foreclosure action without the written consent of State Farm;

(f) Insurance proceeds and condemnation awards shall be made in accordance with the provisions of State Farm's Mortgage;

(g) Any assignee of the documents for the Secondary Financing will be bound by the terms of the Subordination Agreement; and

(h) Secondary Lender will agree that if voluntary or involuntary bankruptcy proceedings are filed by, or against, the Borrower, Secondary Lender shall not vote any claim Secondary Lender may have or may be entitled to have against such Borrower for or against any proposition which State Farm determines could have a material adverse effect on State Farm's claim against Borrower by reason of any of State Farm's Loan Documents, without State Farm's prior written consent.

(vii) The individual and combined Debt Service Coverage Ratio under (i) the Secondary Financing and (ii) the Loan and the Secondary Financing, respectively, shall be at least 1.35 to 1.0 on a pro forma basis.

(viii) The amount of the Secondary Financing, individually, and the combined Loan and Secondary Financing shall not exceed sixty-five percent (65%) of the value, respectively, of (i) the additional improvements to the Secured Property; and (ii) the Secured Property as completed with the additional improvements in place, each as determined by State Farm in its commercially reasonable judgment.

(ix) The Debt Yield must be at least nine percent (9%) on a pro forma basis.

(x) In addition to the payment of all costs and expenses relating to the Secondary Financing referenced above, the Borrower shall pay an administrative fee to State Farm in the amount of \$5,000.

ARTICLE 7 -- GENERAL TERMS AND CONDITIONS

Section 7.1 Notices, Consents, and Approvals. Any notice, consent or approval and other communications that State Farm or Borrower may desire or be required to give to the other shall be in writing and shall be mailed or delivered to the intended recipient thereof at its address set forth below or at such other address as such intended recipient may from time to time by notice in writing designate to the sender pursuant hereto. Any such notice, consent or approval shall be deemed effective if given (a) by nationally recognized overnight courier for next day delivery three (3) business days after delivery to such courier; (b) by United States mail (registered or certified), three (3) business days after such communication is deposited in the mails; or (c) in person, when written acknowledgment of receipt thereof is given. Except as otherwise specifically required herein, notice of the exercise of any right or option granted to State Farm by this Agreement is not required to be given.

(a) If to State Farm:

State Farm Life Insurance Company
One State Farm Plaza
Bloomington, Illinois 61710
Attn: Investment Department E-7

Mortgage and Real Estate Division
Loan No. 14584

and

McCarter & English, LLP
Four Gateway Center
100 Mulberry Street
Newark, New Jersey 07102
Attn: Jeffrey Petit, Esq.

(b) If to Borrower:

Tradeport Development VI, LLC
c/o Griffin Industrial Realty, Inc.
641 Lexington Avenue
26th Floor
New York, New York 10022
Attn: Michael S. Gamzon

and

Griffin Industrial Realty, Inc.
204 West Newberry Road
Bloomfield, Connecticut 06002
Attn: Anthony J. Galici

and

Murtha Cullina LLP
CityPlace I, 185 Asylum Street
Hartford, Connecticut 06103-3469
Attn: Thomas M. Daniells

Either party's failure to give a copy of any notice to the other party's counsel shall not invalidate any notice given to either party hereunder.

Section 7.2 Modifications. No provision of this Agreement or of any of the other Loan Documents may be modified, waived or terminated except by instrument in writing executed by the party against whom a modification, waiver or termination is sought to be enforced.

Section 7.3 Severability. In case any of the provisions of this Agreement shall for any reason be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 7.4 Election of Remedies. State Farm shall have all of the rights and remedies granted in this Agreement and in all of the other Loan Documents and available at law or in equity and these same rights and remedies shall be cumulative and may be pursued separately, successively or concurrently against Borrower, Guarantor or any Secured Property covered under the Loan Documents at the sole discretion of State Farm. The exercise or failure to exercise any of the same shall not constitute a waiver or release thereof or of any other right or remedy, and the same shall be nonexclusive.

Section 7.5 Form and Substance. All documents, certificates, insurance policies and other items required under this Agreement to be executed and/or delivered to State Farm shall be in form and substance satisfactory to State Farm.

Section 7.6 Controlling Agreement. All agreements between Borrower and State Farm, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the maturity of the Note or otherwise, shall the interest paid or agreed to be paid to State Farm exceed the maximum amount permissible under applicable law. If from any circumstances whatsoever, interest would otherwise be payable to State Farm at a rate in excess of that permitted under applicable law, the interest payable to State Farm shall be reduced to the maximum amount permitted under applicable law and if from any circumstance State Farm shall ever receive anything of value deemed interest by applicable law which would exceed interest at the highest lawful rate, an amount equal to any excessive interest shall be applied to the reduction of the principal amount owing to State Farm under this Agreement or under any of the other Loan Documents and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal owing to State Farm under this Agreement and under any of the other Loan Documents, such excess shall be refunded to the Borrower. All interest paid or agreed to be paid to State Farm shall, to the extent permitted by applicable law, be amortized, prorated, allocated and/or spread throughout the full period until payment in full of the principal of the Indebtedness (including the period of any renewal or extension hereof) so that the interest on account of such Indebtedness for such full period shall not exceed the maximum amount permitted by applicable law. This Section shall control all agreements between Borrower and State Farm.

Section 7.7 No Third Party Beneficiary. This Agreement is for the sole benefit of State Farm and Borrower and is not for the benefit of any third party.

Section 7.8 Number and Gender. Whenever used herein, the singular number shall include the plural and the singular, and the use of any gender shall be applicable to all genders.

Section 7.9 Captions. The captions, headings and arrangements used in this Agreement are for convenience only and do not in any way affect, limit, amplify or modify the terms and provisions hereof.

Section 7.10 Applicable Law. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS ARE CONTRACTS MADE IN, AND UNDER THE LAWS OF, THE STATE OF CONNECTICUT, AND THEIR VALIDITY, ENFORCEMENT AND INTERPRETATION, SHALL FOR ALL PURPOSES BE

GOVERNED ENTIRELY BY CONNECTICUT LAW, WITHOUT REGARD OF CONFLICT OF LAWS PRINCIPLES, AND APPLICABLE UNITED STATES FEDERAL LAW.

Section 7.11 Relationship of the Parties. This Agreement provides for the making of loans by State Farm, in its capacity as a lender, to Borrower, in its capacity as a borrower, and for the payment of interest and repayment of principal by Borrower to State Farm. The relationship between State Farm and Borrower is limited to that of creditor/secured party, on the one hand, and debtor, on the other hand. The provisions herein for delivery of Financial Statements are intended solely for the benefit of State Farm to protect its interests as lender in assuring payments of interest and repayment of principal, and nothing contained in this Agreement shall be construed as permitting or obligating State Farm to act as a financial or business advisor or consultant to Borrower, as permitting or obligating State Farm to control Borrower or to conduct Borrower's operations and business, as creating any fiduciary obligation on the part of State Farm to Borrower or as creating any joint venture, agency or other relationship between the parties other than as explicitly stated in this Agreement. Borrower acknowledges that it has had the opportunity to obtain the advice of experienced counsel of its own choosing in connection with the negotiation and execution of this Agreement and to obtain the advice of experienced counsel in connection with entering into these binding provisions including, without limitation, the provision for waiver of trial by jury. Borrower further acknowledges that it is experienced with respect to financial and credit matters and has made its own independent decisions to apply to State Farm for credit and to execute and deliver this Agreement.

Section 7.12 WAIVER OF JURY TRIAL. EACH OF BORROWER AND STATE FARM HEREBY COVENANTS AND AGREES THAT, IN CONNECTION WITH ANY DISPUTE ARISING UNDER THIS AGREEMENT OR UNDER ANY OF THE OTHER LOAN DOCUMENTS, IT SHALL NOT ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY AND HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN, KNOWINGLY AND VOLUNTARILY, BY BORROWER AND STATE FARM, AND THIS WAIVER IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A JURY TRIAL WOULD OTHERWISE ACCRUE. EACH OF BORROWER AND STATE FARM IS HEREBY AUTHORIZED AND REQUESTED TO SUBMIT THIS AGREEMENT TO ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND THE PARTIES HERETO, SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF THE FOREGOING WAIVER OF THE RIGHT TO JURY TRIAL. FURTHER, BORROWER HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF STATE FARM, INCLUDING STATE FARM'S COUNSEL, HAS REPRESENTED, EXPRESSLY OR OTHERWISE, TO ANY OF THE UNDERSIGNED THAT STATE FARM WILL NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT OF JURY TRIAL PROVISION.

Section 7.13 Consent to Jurisdiction. Each of Borrower and State Farm hereby agree that any action or proceeding under this Agreement or under any of the other Loan Documents may be commenced against it in any court of competent jurisdiction within the State of Connecticut. Each of Borrower and State Farm agree that any such suit, action or proceeding arising out of or relating to this Agreement or to any of the other Loan Documents may be instituted in the United States District Court for the District of Connecticut in which the Secured Property is located and each of Borrower and State Farm hereby waive any objection to the venue of any such suit, action or proceeding. Nothing herein shall affect the right of State Farm to accomplish service of process in any manner permitted by law.

Section 7.14 Limitation of Liability. Unless and until the Personal Liability Reduction Conditions have been satisfied in accordance with this Agreement, Borrower (and Guarantor) shall be fully liable for payment of the Indebtedness and performance of the Obligations and the Loan shall be fully recourse to Borrower (and Guarantor). If the Personal Liability Reduction Conditions have been satisfied

in accordance with this Agreement, in consideration of the security provided by Borrower to State Farm for repayment of the Indebtedness including, without limitation, the liens on and security interests in the Secured Property granted pursuant to the Mortgage and the Assignment of the Rents and Leases made pursuant to the Assignments of Rents and Leases, upon the occurrence of an Event of Default hereunder, the Mortgage or under any of the other Loan Documents, State Farm agrees that it shall not, except as otherwise set forth in this Section, seek to enforce, nor shall State Farm be entitled to enforce, any deficiency or monetary judgment against the Guarantor or any shareholder or other affiliate or subsidiary of Guarantor or against Borrower, any partner of Borrower, any member of Borrower, or any other party having a direct or indirect equity interest in Borrower (individually, an "Exculpated Party," and collectively, the "Exculpated Parties"), personally, and shall not levy or execute judgment upon any property of the Exculpated Parties, other than the Secured Property; it being expressly agreed, acknowledged and understood, however, that the foregoing limitation of the liability of an Exculpated Party shall not apply to the extent that such Exculpated Party is, pursuant to the further terms hereof, liable for any Losses (as defined in this Section 7.14) and nothing contained herein shall in any manner or way release, affect or impair:

(a) The existence of the Indebtedness and Obligations created in and evidenced by the Loan Documents, or, prior to the date that State Farm confirms in writing to Borrower that Conversion has occurred, the joint and several full recourse personal liability of the Liable Parties (as defined below) for all amounts outstanding under the Loan Documents;

(b) The enforceability of the liens, security interests and assignments created in and granted by the Loan Documents against the Secured Property;

(c) The enforceability of the Environmental Indemnity Agreement, the Completion Guaranty, the Guaranty and any other guaranty given to State Farm;

(d) The right of State Farm to recover from Borrower and Guarantor all Indebtedness, including principal, interest and other amounts outstanding under the Loan Documents, following (i) a Transfer (as defined in the Mortgage) of all or any portion of the Secured Property or a Transfer of fifty percent (50%) or more of the interests in the entity (or entities) comprising Borrower, each without the prior written consent of State Farm or in violation of Section 3.11 of the Mortgage; and/or (ii) the occurrence of any of the bankruptcy-related Events of Default under Sections 4.1(i)(C), 4.1(j), 4.1(k) (solely with respect to authorizing the action set forth in Section 4.1(i)(C)) or 4.1(l) of the Mortgage; or

(e) The right of State Farm to recover from Borrower and Guarantor (Borrower and Guarantor are sometimes hereafter individually called a "Liable Party" and collectively, the "Liable Parties"), who shall be jointly and severally liable for all Losses incurred by State Farm (whether directly or indirectly) arising from or related to the following:

(i) The failure to apply any Rents received by any of the Exculpated Parties or Liable Parties at any time after an Event of Default (all such Rents received during such period being herein called "Recoverable Rents") to (A) the payment of any amount due under the Loan Documents including, without limitation, the Indebtedness; (B) the payment of all operating expenses of the Secured Property; or (C) the performance of any Obligations required under the Loan Documents; provided, however, the Liable Parties shall not be liable to State

Farm under this subsection (i) for any Recoverable Rents in excess of the Recoverable Rents applied to the payment of the amounts and the performance of the obligations set forth in (A), (B) and (C) above;

(ii) The misapplication or misappropriation of any tenant security deposits, advance or prepaid Rents, cancellation or termination fees or other similar sums paid to or held by Borrower, any affiliate of Borrower or any other Person (other than State Farm) in connection with the operation of the Secured Property in violation of the Loan Documents or any Leases affecting the Secured Property;

(iii) The willful or wanton act or omission on the part of any of the Exculpated Parties or Liable Parties resulting in damage to or destruction of all or any portion of the Secured Property including, without limitation, waste or any act of arson or malicious destruction by any of the Exculpated Parties or Liable Parties;

(iv) The failure to maintain insurance as required by the Loan Documents or any Leases affecting the Secured Property or the failure to timely pay insurance premiums, real estate taxes, regular or special assessments or utility charges affecting the Secured Property;

(v) The failure of the Exculpated Parties or Liable Parties to deliver to State Farm any "Proceeds" (as defined in the Mortgage) received by any of them relating to the Secured Property, or to use such Proceeds for Restoration of the Secured Property in accordance with the terms of the Loan Documents;

(vi) Any fraud or willful misrepresentation of a material fact by any of the Exculpated Parties or Liable Parties in any document executed or presented to State Farm in connection with the Loan;

(vii) The failure on the part of any of the Exculpated Parties or Liable Parties to comply with the provisions of the Environmental Indemnification Agreement. Notwithstanding anything contained herein to the contrary, the indemnification obligations under this subsection (vii) shall not apply to any costs incurred by or imposed upon State Farm which arise solely as a consequence of a condition coming into existence on the Secured Property subsequent to the time of both State Farm taking title to the Secured Property by foreclosure or deed in lieu of foreclosure and State Farm taking physical possession of the Secured Property, unless such costs are incurred in connection with an event or events related to a condition existing at the Secured Property prior to or at the time of transfer of title and physical possession of the Secured Property to State Farm; provided, however, Borrower shall bear the burden of proof that such event or events: (A) occurred subsequent to the transfer of title and physical possession to State Farm; and (B) did not occur as a result of any action of any of the Exculpated Parties or Liable Parties; or

(viii) The failure to enter into the Cash Flow Escrow Agreement in accordance with the terms of Section 6.3 of this Loan Agreement or deposit the Cash Flow Sweep Amount into the Cash Flow Sweep Account (as defined in the Cash Flow Escrow Agreement) in accordance with the terms of the Cash Flow Escrow Agreement.

As used herein, "Losses" means any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, costs, fines, penalties, charges, fees, expenses (including, without limitation, reasonable legal fees and expenses and other costs of defense and internal administrative fees assessed by State Farm), judgments, awards and amounts paid in settlement of whatever kind or nature.

As used herein, "Personal Liability Reduction Conditions" means the Conversion Conditions have been satisfied by Borrower. If State Farm elects Conversion without satisfaction of the Conversion Conditions, the occurrence of Conversion will not, itself, fulfill this requirement.

If the inability of Borrower to satisfy the Conversion Conditions is due to the then outstanding principal balance of the Loan being in excess of (i) 75% of the acquisition and construction costs of the Project or (ii) 65% of the Appraisal Value determined pursuant to Section 4.24, the satisfaction of that condition may be accomplished by a Ratio Adjustment Payment by Borrower prior to the end of the Construction Loan Period. No Prepayment Fee (as defined in the Note) will be required in connection with any Ratio Adjustment Payment made by Borrower.

Section 7.15 Negotiation. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, there shall be no presumption or burden of proof which arises favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Section 7.16 Conflicting Terms. In the event of a conflict or apparent conflict between or among the terms and provisions of this Agreement and the other Loan Documents, the parties shall give the provisions their broadest interpretation so as to reconcile the conflict or apparent conflict. If such an interpretation is not possible, or if the parties cannot agree on such an interpretation, State Farm, in its sole discretion, shall designate the provision which most closely approximates its intention with respect to the subject matter at the time of execution of the Loan Documents and such provision shall govern. Borrower hereby agrees that such a procedure does not prejudice its rights under the Loan Documents insofar as Borrower has accepted and agreed to be bound by all of the terms and conditions of this Agreement and of the Loan Documents by its execution hereof and thereof.

Section 7.17 Substitute Guarantor. Within one hundred eighty (180) days (30 days if prior to Conversion) after the death of any individual Guarantor, or within ninety (90) days (30 days if prior to Conversion) after the dissolution or cessation of business of an entity Guarantor (such entity Guarantor being herein called a "dissolved Guarantor"), Borrower shall propose in writing to State Farm the name of a Person (as defined in the Mortgage) or entity to act as a successor Guarantor (the "Successor Guarantor") and to assume all of the obligations and liabilities of the deceased or dissolved Guarantor under the Loan Documents including, without limitation, the obligations and liabilities in Section 7.14 hereof that are personal obligations and liabilities of Guarantor and Borrower. The proposed Successor Guarantor's identity, composition, financial condition and creditworthiness, experience, character and business reputation shall be reasonably acceptable to State Farm. If the proposed Successor Guarantor is acceptable to State Farm, the Successor Guarantor shall promptly, and in no event, more than two hundred seventy (270) days (60 days if prior to Conversion) following the death of an individual Guarantor or one hundred eighty (180) days (60 days if prior to Conversion) following the dissolution or cessation of business of an entity Guarantor, as applicable, execute all documents and instruments reasonably requested by State Farm to assume all of the obligations and liabilities of the deceased or dissolved Guarantor under the Loan Documents (the "Guaranty Documents"). Borrower shall pay all costs and expenses incurred by State Farm relating to the approval of the proposed Successor Guarantor and the preparation and review of the Guaranty Documents including, without limitation, the reasonable fees and expenses of State Farm's outside counsel. The provisions of this Section 7.17 shall also apply in the event of the death of any individual Successor

Guarantor or the dissolution or cessation of business of any entity Successor Guarantor.

Section 7.18 Entire Agreement. THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

Section 7.19 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original document, but all of which will constitute one and the same document.

Section 7.20 **PREJUDGMENT REMEDY WAIVER.** BORROWER ACKNOWLEDGES THAT THE LOAN BEING MADE IS FOR COMMERCIAL PURPOSES AND, IN ADDITION TO AND NOT IN LIMITATION OF ANY OTHER PROVISIONS OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENTS OR UNDER LAW FOR THE BENEFIT OF STATE FARM, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY RIGHT TO PRIOR NOTICE AND PRIOR HEARING UNDER SECTIONS 52-278a THROUGH 52-278n OF THE CONNECTICUT GENERAL STATUTES AS NOW OR HEREAFTER AMENDED AND AUTHORIZES STATE FARM OR ITS ATTORNEY, OR ANY SUCCESSOR THERETO, TO ISSUE A WRIT OF PREJUDGMENT REMEDY WITHOUT COURT ORDER. FURTHER, BORROWER HEREBY WAIVES, TO THE EXTENT PERMITTED BY LAW, BUT EXCLUDING PROCEDURES THAT ARE PART OF THE STATUTORY FORECLOSURE PROCESS, THE BENEFITS OF ALL VALUATION, APPRAISEMENTS, HOMESTEAD, EXEMPTION, STAY, REDEMPTION AND MORATORIUM LAWS NOW IN FORCE OR WHICH MAY HEREAFTER BECOME LAWS. BORROWER ACKNOWLEDGES THAT IT IS ENGAGED PRIMARILY IN COMMERCIAL PURSUITS AND THAT THE PROCEEDS FROM THIS SECURITY INSTRUMENT ARE TO BE UTILIZED IN BUSINESS ACTIVITIES AND WILL NOT BE UTILIZED FOR CONSUMER PURPOSES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Signatures on following page]

EXECUTED and DELIVERED as of the date first recited.

The Address of Borrower is:

Tradeport Development VI, LLC
204 West Newberry Road
Bloomfield, CT 06002

BORROWER:

TRADEPORT DEVELOPMENT VI, LLC, a
Connecticut limited liability company

BY: RIVER BEND HOLDINGS, LLC,
its Sole member

BY: GRIFFIN INDUSTRIAL, LLC,
its Sole Member

By: /s/Anthony J. Galici
Name: Anthony J. Galici
Title: Vice President

The Address of State Farm is:

One State Farm Plaza
Bloomington, IL 61710

STATE FARM:

STATE FARM LIFE INSURANCE COMPANY,
an Illinois corporation

By: /s/Philip J. Reuter
Philip J. Reuter
Investment Professional

By: /s/Christiane M. Stoffer
Christiane M. Stoffer
Assistant Secretary

EXHIBIT "A"
TO
CONSTRUCTION LOAN AGREEMENT

LEGAL DESCRIPTION

LEGAL DESCRIPTION

EXHIBIT "A"

That certain parcel of land together with any and all improvements thereon and appurtenances relating thereto, shown and designated as "#220 TRADEPORT DRIVE RECONFIGURED LOT AREA = 885,519.32 +/- ACRES" as shown and designated on that certain plan entitled "RESUBDIVISION PLAN PREPARED FOR RIVERBEND DEVELOPMENT CT, LLC 220 TRADEPORT DRIVE (a.k.a. 220/440 STONE ROAD) WINDSOR, CONNECTICUT" Date: 09-28-2017 revised through 01-09-2018 Sheet 1 of 2, prepared by F.A. Hesketh & Associates, Inc., which plan has been recorded in the Windsor Land Records as Map #6015, to which reference may be had.

Together with Easement and Agreement by and between River Bend Development CT, LLC and Tradeport Development V, LLC dated 3/6/2017 and recorded in Volume 1841, Page 237 of the Windsor Land Records; as amended by First Amendment to Easement and Agreement by and between River Bend Development CT, LLC and Tradeport Development V, LLC dated January 29, 2018 and recorded January 29, 2018 in Volume 1855 at Page 225 of the Windsor Land Records.

Together with a Drainage Easement and Agreement dated January 29, 2018 by and between River Bend Development CT, LLC and Tradeport Development V, LLC recorded in Volume 1855, Page 213 of the Windsor Land Records.

Together with a Utility Easement and Agreement dated January 29, 2018 by and between River Bend Development CT, LLC and Tradeport Development V, LLC recorded in Volume 1855, Page 218 of the Windsor Land Records.

Together with right of way as set forth in Quit Claim Deed from River Bend Development CT, LLC to Tradeport Development VI, LLC dated January 11, 2018 and recorded January 30, 2018 in Volume 1855 at Page 378 of the Windsor Land Records.

Together with an Easement over Lot 110 as set forth in an Easement and Agreement granted by River Bend Development CT, LLC dated March 8, 2018 and recorded March 9, 2018 in Volume 1856 at Page 617 of the Windsor Land Records.

EXHIBIT "B"
TO
CONSTRUCTION LOAN AGREEMENT

CONDITIONS TO FIRST ADVANCE

- | | | |
|-----|-----|---|
| (X) | 1. | [Reserved] |
| (X) | 2. | The Construction Loan Fee and the Loan Investigation Fee. |
| (X) | 3. | The Note. |
| (X) | 4. | The Mortgage. |
| (X) | 5. | The Assignment of Rents and Leases. |
| (X) | 6. | The Completion Guaranty. |
| (X) | 7. | The Guaranty. |
| (X) | 8. | The Environmental Indemnification Agreement. |
| (X) | 9. | The Borrower's Certificate. |
| (X) | 10. | The Guarantor's Certificate. |
| (X) | 11. | The Funding Authorization. |
| (X) | 12. | The Loan Funding Statement. |
| (X) | 13. | The Assignment and Subordination of Management Agreement. |
| (X) | 14. | The Survey (2 copies), dated no more than 60 days prior to the date of this Agreement. |
| (X) | 15. | The Financing Statements with respect to the security interest granted pursuant to the Loan Documents, together with evidence of the priority of the respective security interests perfected thereby. |
| (X) | 16. | The Financial Statements of Borrower. (Not Applicable) |
| (X) | 17. | The Financial Statements of Guarantor. |
| (X) | 18. | Evidence that the Secured Property and its intended uses, given its current state in terms of construction, are in full compliance with all building, zoning, environmental subdivision, platting and other laws, ordinances, rules and regulations affecting the Secured Property. Such evidence shall be in the form of a code compliance report Certified to State Farm prepared by Planning and Zoning Resource Corporation or a similar service acceptable to State Farm (the "Code Compliance Report"). Borrower shall obtain the Code Compliance Report at its sole cost and expense. In the event Borrower is unable to obtain the Code Compliance Report prior to Closing, Borrower may, in the alternative, obtain evidence of applicable code compliance directly from the Governmental Authorities in the jurisdiction in which the Secured Property is located. Such evidence shall include the following: (i) State Farm's form of Zoning and Parking Code Compliance Letter; (ii) If appropriate, State Farm's form of Building Code Compliance Letter; and (iii) If applicable, current Certificate(s) of Occupancy for the building shell and tenant improvements. |

If the Secured Property is subject to private restrictive covenants, Borrower shall provide an Estoppel Certificate from the declarant of such covenants or administrative review committee specified in the covenants, as applicable, prior to the Loan Funding Date certifying that (i) the covenants are in full force and effect and have not been amended or modified; (ii) the declarant has not granted any variances to Borrower or to any of Borrower's predecessors in interest affecting the Secured

Property or if such variances have been granted, such variances are binding on the successors and assigns of Borrower and run with the land; (iii) the Secured Property is in compliance with all such covenants and restrictions and all required approvals have been obtained; (iv) Borrower is not in default under such covenants and no event has occurred that with the giving of notice or passage of time or both would constitute an event of default thereunder; and (v) there are no assessments due and payable with respect to the Secured Property, or, if any such assessments are due and payable, the amount of such assessments.

- | | | |
|-----|-----|--|
| (X) | 19. | Evidence that the Secured Property is a separate tax parcel or parcels. |
| (X) | 20. | Evidence that neither Borrower nor Guarantor, nor any general partner, managing member or any beneficiary of Borrower or Guarantor, as applicable, has, within the preceding five years (i) filed any petition and/or had any petition filed against it, in any bankruptcy or insolvency proceedings for (A) its reorganization; (B) the appointment of a receiver or trustee; or (C) the arrangement of its debts; or (D) been the subject of any similar action, whether formally commenced by the filing of a petition or otherwise, which petition or action has not been withdrawn, dismissed, canceled or terminated at the time the Loan is otherwise ready for funding. Such evidence shall include a current bankruptcy search against all such parties in all appropriate state and local offices dated not more than thirty (30) days before Closing. |
| (X) | 21. | Evidence of the following with respect to Borrower and Guarantor and any general partner, managing member or beneficiary of Borrower and Guarantor, as applicable: (i) the authority of the signatories to the Loan Documents to act on behalf of such parties, as applicable; (ii) the qualification and good standing of such parties both in their state of incorporation/formation and, with respect to Borrower and its constituent entities, the state in which Secured Property is located; and (iii) the organizational documents of such parties including, without limitation, the following: (A) a certified copy of Articles of Incorporation and Bylaws, Partnership Agreement, Operating Agreement, Articles of Organization or Trust Agreement, as applicable, which shall include information regarding the then current ownership composition of each such party; (B) a Certificate of Good Standing or Existence; (C) a certified copy of authorizing resolution which provides evidence of the authority of the signatories to the Loan Documents; and (D) an Incumbency Certificate. |
| (X) | 22. | A current search in all appropriate state and local filing offices and jurisdictions dated not more than thirty (30) days before the Closing against Borrower and Guarantor and any general partner, managing member or beneficiary of Borrower and Guarantor, as applicable, indicating that there are no outstanding suits, judgments, federal or state tax liens or UCC financing statements applicable to or filed against such parties affecting the Secured Property; provided, however, UCC searches shall only be performed against Borrower and its constituent entities. |
| (X) | 23. | State Farm's form of Borrower's Counsel's Opinion Letter which will include, without limitation, opinions regarding the validity and |

- enforceability of the Loan Documents, usury, the execution of all Loan Documents and the legal existence and good standing of Borrower and Guarantor.
- (X) 24. Evidence of insurance coverage in accordance with Exhibit I to this Agreement.
- (X) 25. A Phase I Environmental Report prepared by an accredited environmental engineer in accordance with the terms and conditions set forth in Exhibit L attached hereto which, except as otherwise provided therein, are consistent with the latest revision of E 1527 ASTM Phase I Standard Practices for Environmental Site Assessments. The Phase I Environmental Report must be **CERTIFIED TO STATE FARM** and (i) conclude that there are no recognized environmental conditions that could adversely impact the Secured Property; and (ii) assess the risk of environmental liability in connection with the ownership and operation of the Secured Property. Based upon the results of the Phase I Environmental Report, State Farm may, in its sole discretion, require additional testing and reports to verify that any exceptions found in the Phase I Environmental Report do not adversely affect the value of the Secured Property
- (X) 26. Satisfactory evidence that there is fully adequate direct and free ingress and egress to and from the Secured Property, that all of the streets providing access to the Secured Property either have been dedicated to public use or established by private easement, duly recorded in the records of the Town in which the Secured Property is located, and have been fully installed and accepted by Governmental Authority, that all costs and expenses of the installation and acceptance thereof have been paid in full, and that there are no restrictions on the use and enjoyment of such streets that adversely affect, limit or impair Borrower's ability to develop and construct the Improvements or operate the Secured Property for the purposes and in the manner represented to State Farm.
- (X) 27. Satisfactory evidence of the availability of all utilities to the Secured Property including, without limitation, gas, electricity, sewer, water and telephone services. Evidence in the form of letters from utility service companies must state that (i) if the Secured Property is already connected for such service, the size or capacity of the service lines and the status of the account or (ii) if the Secured Property is not connected for such service, the location and size or capacity of the nearest service line with respect to (and distance from) the Land, the availability of connection thereto to service the Secured Property, and the approximate cost of extending service to the Secured Property in the quantity needed adequately to serve the Secured Property with all Improvements completed.
- (X) 28. Final subdivision plat, approved by any necessary Governmental Authority.
- (X) 29. The Initial Appraisal.
- (X) 30. Copies of each Lease (as defined in the Mortgage) along with a fully executed SNDA and Tenant Estoppel Certificate for each Lease.
- (X) 31. The Title Insurance.
- (X) 32. The Construction Contract.
- (X) 33. The Assignment of Construction Contract and the Contractor's Consent thereto.

- (X) 34. Subordination agreements executed by the Contractor and, if requested by State Farm, all material subcontractors, subordinating their lien claims and contracts to the liens and security interests in favor of State Farm securing the Loan. As used in this provision "material subcontractors" means all subcontractors who will perform work on the Land or Improvements which will cost in excess of \$100,000.00.
- (X) 35. The Borrower's Architectural Contract.
- (X) 36. The Borrower's Engineering Contract.
- (X) 37. The Plans (2 sets).
- (X) 38. The Assignment of the Architectural Contract, the Engineering Contract and Plans and Architect's Consent and Engineer's Consent thereto.
- (X) 39. The Borrower's Architect's Certificate.
- (X) 40. Building permit and all other permits required by the Governmental Requirements with respect to the construction and development of the Secured Property.
- (X) 41. Satisfactory evidence (i) from the applicable Governmental Authority of the compliance of the Plans with the applicable Governmental Requirements, and any regulations promulgated pursuant thereto, or evidence satisfactory to State Farm that such regulations are not applicable to the Improvements; and (ii) that the Plans do and the Improvements when constructed will comply with all Governmental Requirements regarding access and facilities for handicapped or disabled persons including, without limitation, the Fair Housing Amendments Act of 1988 and the Americans with Disabilities Act.
- (X) 42. The Budget, together with a breakdown of all costs and expenses required to complete development and construction of the Project, in detail and in amount acceptable to State Farm.
- (X) 43. Tax or assessment certificate or other similar evidences of payment from all appropriate bodies or entities which have taxing or assessing authority over any of the Secured Property, stating that all taxes and assessments are current.
- (X) 44. Soil test reports, as and when required by State Farm, as to soil borings on the Land prepared by a qualified soil engineer and a soil testing firm satisfactory to State Farm. The number and location of such borings shall be in accordance with the recommendations of the soil testing firm and also satisfactory to State Farm. The report shall include the recommendations of the soil testing firm as to the preparation of the soil needed to adequately support the Improvements including, without limitation, foundation, floor slab, compaction, grading and paving recommendations. The engineer must certify to State Farm that such recommendations have been included in the design and construction of the Improvements.
- (X) 45. An affidavit executed by the Inspecting Architects/Engineers or such other person as may be approved by State Farm, together with satisfactory photographic evidence, to the effect that immediately prior to and after the recording of the Mortgage, no work of any kind (including the destruction or removal of any existing improvements, the drilling of test holes, site work, clearing, grading, grubbing, draining, or fencing of the Land) has been commenced or performed upon the Land and that no material or equipment has been delivered to or upon the Land.

- (X) 46. An affidavit of commencement or notice of construction in accordance applicable law, fully executed, dated and recorded in the town where the Land is located after the date on which the Mortgage is filed for record in such town, stating the date on which construction on the Land actually commenced, which shall be a date after the date on which the Mortgages were duly filed for record in such county, or lien subordinations and/or waivers acceptable to State Farm and the title company, which may be necessary to ensure the first priority lien of the Mortgage.
- (X) 47. Satisfactory evidence of the contribution to the Project by Borrower of no less than 32.02% of the total approved Project Cost in equity.
- (X) 48. Construction Disbursement Agreement.
- (X) 49. Construction Work Schedule.
- (X) 50. Seismic report on the Secured Property prepared by a certified, professional engineering firm acceptable to State Farm. This report shall encompass a review of the structural and seismic characteristics of both the Improvements and soil structure and estimate the Probable Maximum Loss (PML) for the buildings based on the projected worst probable earthquake occurrence. If based upon the information provided, the seismic resistance of the Improvements is not acceptable to State Farm, State Farm reserves the right in its sole discretion to terminate any commitment it has made to fund the Loan.
- (X) 51. Payment of all costs and expenses of State Farm in accordance with Section 4.9 of this Agreement.

EXHIBIT "C"
TO
CONSTRUCTION LOAN AGREEMENT
BUDGET

	<u>Total Project Cost</u>
Land	\$ 2,808,000
Hard Costs	
1. Construction	13,960,495
2. Furniture, Fixtures and Equipment	-
Soft Costs	
1. Architect & Engineer's Fees	555,128
2. Inspecting Architect's Fee - PreDevelopment Feasability	110,000
3. Legal, title. (financing costs)	375,000
4. Advance	
5. Broker/legal (leasing costs)	607,719
6. Interim financing (construction loan interest)	515,000
7. Developer fees	701,839
8. State Farm Loan	
9. Operating Deficits	
10. Marketing	
11. Overhead/Pre-Development	
Contingency	315,752
Total:	<u><u>\$ 19,948,933</u></u>

EXHIBIT "D"

to

CONSTRUCTION LOAN AGREEMENT

ALTA/ASCM LAND TITLE SURVEY REQUIREMENTS

(State Farm Life Insurance Company)

The **as-built ALTA/ASCM land title survey ("survey")** must be an instrument survey (unless otherwise approved by State Farm) prepared by a registered professional land surveyor sufficient to remove the “survey exception” found as a standard exception in title insurance policy forms, based upon a visual inspection of the real estate (the “Secured Property”) and a review of the real estate records. The survey should be “tied” to the title insurance policy so that all boundaries, exceptions, encroachments, easements, restrictions, dimensions, setbacks and improvements listed or described in the title insurance policy are shown on the survey. The survey must be prepared in the U.S standard of measurements and if within corporate limits of any town, village or city must be a “transit” survey and not a “compass” survey. The survey shall also be in accordance with the following requirements and attached surveyor's certification:

I. Legal Descriptions:

- a. The survey must contain a full legal description of (i) the Secured Property (“Survey Legal”) and (ii) as applicable, insured easements or easements appurtenant (“Insured Easements”) – easements located on other properties which benefit the Secured Property – both printed on the face of the survey or attached thereto and incorporated therein by reference. Usually the legal descriptions are metes and bounds descriptions. At times Survey Legals have a subdivision lot description or a parcel map reference.
- b. The Survey Legal must coincide with the boundaries shown on the survey drawing (“Drawing”). Any discrepancies between the boundaries of the Secured Property as shown on the Drawing and the Survey Legal must be shown on the survey and reconciled.
- c. The Survey Legal must be the same as the legal description in the title commitment (“Title Legal”) and any legal description which may be recorded against the Secured Property such as a survey, plat or parcel map (“Recorded Legal”). Any differences in these legal descriptions must be reconciled or if not reconciled, appropriate title endorsements obtained.
- d. The legal descriptions for any Insured Easements must be included on the survey, shown on the Drawing with measurement calls identical with the Title Legal and Recorded Legal, if any, for the Insured Easements.
- e. There may be other easements which burden the Secured Property and significantly affect the use and occupancy of the Secured Property such as landscape, parking or use restrictions (“Significant Easements”). The legal descriptions with measurement calls for

these Significant Easements should be shown on the Drawing and should be identical to the legal descriptions in the title exception document creating the Significant Easement.

- f. The legal descriptions for the Secured Property, Insured Easements and Significant Easements must “close” to form a mathematically closed figure.
- g. The measurement calls in the legal descriptions should be shown at a minimum, in feet and hundredths of a foot. Courses and directions should be shown by degrees, minutes and seconds.

II. Survey Drawing: The Drawing must show the following:

- a. The boundary lines of the Secured Property and all Insured Easements by courses and distances showing stakes or other monumentations appearing on the Secured Property. Monuments should be present at all major corners. If the Secured Property is comprised of all or portions of several lots or other legal subdivisions, the boundaries of each should be indicated by dotted lines and proper lot number or legal subdivision designation shown. If the Secured Property is comprised of more than one parcel, the survey should give the description in one single perimeter but should show interior lines and facts sufficient to insure and to evidence contiguity. If the Secured Property is described as being on a filed or recorded plat or map, the survey should contain a legend relating the Secured Property to the plat or map on which it is shown and the surveyor should certify that any land which has been platted or mapped is the same as that described on the survey. The Drawing should clearly indicate both (i) the point of beginning (commencement) of the legal description and (ii) the “true” point of beginning of the property boundary (if both are not the same). Any discrepancies with the Survey Legal must be shown. The perimeter property boundary lines must be contiguous with and abutting adjoining parcels and/or highway right(s) of way.
- b. The street address and total square footage (acreage computed to the nearest 1/1000th of an acre) of the Secured Property.
- c. All abutting dedicated public streets providing access to the Secured Property with the width (of the actual street and the right of way clearly shown) and the name thereof, all sidewalks, parkways, curbs and driveways adjoining the Secured Property. The survey must disclose that access to the adjacent streets exist through publicly dedicated streets or recorded ingress/egress easements (showing the recording data) which are Insured Easements.
- d. All easements, restrictions and other matters of record set forth in all title exception documents and any observable evidence of easements or restrictions either burdening or benefiting the Secured Property. The survey should show the location and dimensions of all easements and restrictions, described in the same way the boundaries are described, including all areas denoted or restricted in, or pursuant to, any applicable reciprocal easement agreements. If the location and dimensions of an easement or restriction cannot be definitely ascertained, the easement or restriction should nevertheless be noted and an indication given as to why its location and dimensions cannot be determined. All recording data describing recorded easements/restrictions must be provided to identify individual easements/restrictions.

- e. The location of all required building setback lines, other setback lines, (such as parking and/or landscaping) with applicable distances, labeled as disclosed in ordinances, plats or recorded documents. All height, bulk and other building restrictions must be shown. These items should be identified by recording data or reference. If there are no setback lines or building restrictions, the survey should so state.
- f. The location and dimensions of utility lines (sanitary sewer, telephone, electric, gas, water lines and storm sewer with flow of direction), oil pipe lines and other underground installations and rights-of-way affecting the Secured Property.

There should be an indication whether the utility line is above or below grade and all points at which all such utility lines are installed to the boundary lines of the Secured Property and are connected to public/private utility systems through private easements as described on the survey or dedicated public rights of way (whether on or off site) as shown and labeled on the survey. These utility lines must ultimately travel to and connect with a public/private recorded right of way. These connections to public/private rights of way may be located through a review of plans and specification drawings for the Secured Property, records from the utility companies or other appropriate sources. If so ascertained, the surveyor can so note on the survey. Above ground evidence of the utility lines such as manholes, vaults, cables, basins, and other surface indications of utility company installations should be shown. If there are no utility lines, sewer and water lines, etc. currently servicing the Secured Property, indicate whether they are available at the boundaries of the Secured Property for connection to the Secured Property.

- g. The location of any and all encroachments, conflicts or protrusions onto the Secured Property from adjoining properties and all encroachments, conflicts or protrusions onto adjoining properties. The survey must describe the dimensions of the encroachments or contain a positive statement that there are no encroachments. Statements such as “except as shown” are not acceptable.
- h.
 - (i) The location and type of all buildings and other visible improvements on the Secured Property, including, all stoops, overhangs, balcony and patio areas, fire escapes, parking areas, alleys, driveways, walls, fences, curb cuts, signs, transformers and storage tanks (above ground evidence of underground storage tanks.) The dimensions (including height and number of stories) and gross floor area of the buildings and the distances from the buildings to the nearest facing exterior property lines and to applicable building set back and building restriction lines must be shown and labeled. All building improvements must be outside easements and within setbacks and building restrictions lines (unless otherwise permitted by the document creating the easement or restriction). Any discrepancies or violations should be noted on the survey.
 - (ii) All fences (both perimeter and cross) and all walls and other improvements along the property lines with dimensions. All party walls of buildings or other structures on the property line should be shown indicating the thickness of the portions thereof on each side of the property line and the nature of the use of said walls on each side. Any curb cuts and driveways on the property lines should be shown and labeled.

- (iii) All parking spaces shown graphically with the handicapped spaces specifically identified. The total number of parking spaces must be noted along with the total number of parking spaces required by local ordinance.
 - (iv) The location of any railroad tracks and sidings, and boundaries of railway rights-of-way affecting the Secured Property.
- i. All wires and cables crossing, entering or leaving the Secured Property.
- j. The location and direction of flow for all creeks, streams, rivers or lakes and any flood prone area and the location of any existing cemetery or burial grounds.
- k. The zoning districts within which the Secured Property are located and if located in more than one district, the location of the boundary line. Permitted uses and/or non-conforming permitted uses should be noted on the survey.
- l. The location of any conservation, flood plain or wetland protection areas located on or within 100 feet of the boundaries of the Secured Property.
- m. A key explaining symbols or abbreviations (Legend), the scale, the north direction and a vicinity map.
- n. Changes in street right of way lines (proposed or completed) and sidewalk construction.

III. Flood Hazard Certification:

The survey should state whether the Secured Property appears on any Flood Hazard Boundary Map ("FHBM") or Flood Insurance Rate Map ("FIRM") published by the Federal Emergency Management Agency. If the Secured Property appears on a FHBM or FIRM, the map number, the community and panel number, the effective or revised date, and the zone designation(s) in which the Secured Property lies according to the applicable map must be stated. If the Secured Property lies in more than one zone designation, the survey must show the location of the zone designation boundary lines. If the Secured Property is located in Zone A or V, the building floor elevations must be shown.

IV. Other Matters:

Any other physical matters or significant observations that may affect the title, use or occupancy of the Secured Property must be shown on the survey. Similarly, indications of the rights of others need to be shown and labeled on the survey.

V. Certification:

The survey must be dated not more than sixty (60) days prior to the Closing and certified as of that date by the surveyor. The surveyor's certification shall be in substantial conformity with the Surveyor's Certification attached hereto and shall contain the surveyor's original signature, seal and date of certification. The date the survey was conducted must also be set forth in the

certification. The survey must be certified to Borrower, Title Company and State Farm Life Insurance Company.

SURVEYOR'S CERTIFICATION

To: (Name of Borrower); (Name of Title Insurance Company); and State Farm Life Insurance Company.

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2011 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys, jointly established and adopted by ALTA and NSPS and includes Items 1, 2, 3, 4, 6(a), 6(b), 7(a), 7(b), 7(c), 8, 9, 10(a), 10(b), 11(b), 13, 14, 15, 19, 20(a), and 21 of Table A thereof.

The field work was completed on _____.

Date of Plat or Map: _____

(Surveyor's signature)

(Surveyor's printed name)

(Surveyor's address & phone number)

(Surveyor's Seal with Registration/License Number)

(Surveyor's Job/Order Number)

TABLE A

OPTIONAL SURVEY RESPONSIBILITIES AND SPECIFICATIONS

NOTE: The items of Table A must be negotiated between the surveyor and client. It may be necessary for the surveyor to qualify or expand upon the description of these items, e.g., in reference to Item 6, there may be a need for an interpretation of a restriction. The surveyor cannot make a certification on the basis of an interpretation or opinion of another party. Notwithstanding Table A Items 5 and 11(b), if an engineering design survey is desired as part of an ALTA/ACSM Land Title Survey, such services should be negotiated under Table A, item 22.

If checked, the following optional items are to be included in the ALTA/ACSM LAND TITLE SURVEY, except as otherwise qualified (see note above):

1. ☒ Monuments placed (or a reference monument or witness to the corner) at all major corners of the boundary of the property, unless already marked or referenced by existing monuments or witnesses.
2. ☒ Address(es) if disclosed in Record Documents, or observed while conducting the survey.
3. ☒ Flood zone classification (with proper annotation based on federal Flood Insurance Rate Maps or the state or local equivalent) depicted by scaled map location and graphic plotting only.
4. ☒ Gross land area (and other areas if specified by the client).
5. Vertical relief with source of information (e.g. ground survey or aerial map), contour interval, datum, and originating benchmark identified.
6. ☒ (a) Current zoning classification, as provided by the insurer,
☒ (b) Current zoning classification and building setback requirements, height and floor space area restrictions as set forth in that classification, as provided by the insurer. If none, so state.
7. ☒ (a) Exterior dimensions of all buildings at ground level,
(b) Square footage of:

☒ (1) exterior footprint of all buildings at ground level,
☒ (2) other areas to be defined by the client

(c) Measured height of all buildings above grade at a location specified by the client. If no location is specified, the point of measurement shall be identified.
8. ☒ Substantial features observed in the process of conducting the survey (in addition to the improvements and features required under Section 5 above) such as parking lots, billboards, signs, swimming pools, landscaping areas, etc.
9. ☒ Striping, number and type (e.g. handicapped, motorcycle, regular, etc.) of parking spaces in parking areas, lots, and structures.
10. ☒ (a) Determination of the relationship and location of certain division or party walls designated by the client with respect to adjoining properties (client to obtain necessary permissions),
☒ (b) Determination of whether certain walls designated by the client are plumb (client to obtain necessary permissions).

11. *Location of utilities (representative examples of which are listed below) existing on or serving the surveyed property as determined by:*
- (a) *Observed evidence*
 - ☒ (b) *Observed evidence together with evidence from plans obtained from utility companies or provided by client, and markings by utility companies and other appropriate sources (with reference as to the source of information),*
 - * *Railroad tracks, spurs and sidings;*
 - * *Manholes, catch basins, valve vaults and other surface indications of subterranean uses;*
 - * *Wires and cables (including their function, if readily identifiable) crossing the surveyed property, and all poles on or within ten feet of the surveyed property. Without expressing a legal opinion as to the ownership or nature of the potential encroachment, the dimensions of all utility pole cross-members or overhangs affecting the surveyed property; and*
 - * *Utility company installations on the surveyed property.*
- Note – With regard to Table A, item 11(b), source information from plans and markings will be combined with observed evidence of utilities to develop a view of those underground utilities. However, lacking excavation, the exact location of underground features cannot be accurately, completely and reliably depicted. Where additional or more detailed information is required, the client is advised that excavation may be necessary.*
12. *Governmental Agency survey-related requirements as specified by the client, such as for HUD surveys, and surveys for leases on Bureau of Land Management managed lands.*
13. ☒ *Names of adjoining owners of platted lands according to current public records.*
14. ☒ *Distance to the nearest intersecting street as specified by the client.*
15. ☒ *Rectified orthophotography, photogrammetric mapping, airborne/mobile laser scanning and other similar products, tools or technologies as the basis for showing the location of certain features (excluding boundaries) where ground measurements are not otherwise necessary to locate those features to an appropriate and acceptable accuracy relative to a nearby boundary. The surveyor shall (a) discuss the ramifications of such methodologies (e.g. the potential precision and completeness of the data gathered thereby) with the insurer, lender and client prior to the performance of the survey and, (b) place a note on the face of the survey explaining the source, date, precision and other relevant qualifications of any such data.*
16. *Observed evidence of current earth moving work, building construction or building additions within recent months.*
17. *Proposed changes in street right of way lines, if information is available from the controlling jurisdiction. Observed evidence of recent street or sidewalk construction or repairs.*
18. *Observed evidence of site use as a solid waste dump, sump or sanitary landfill.*
19. ☒ *Location of wetland areas as delineated by appropriate authorities.*
20. ☒ (a) *Locate improvements within any offsite easements or servitudes benefitting the surveyed property that are disclosed in the Record Documents provided to the surveyor and that are observed in the process of conducting the survey (client to obtain necessary permissions).*
- (b) *Monuments placed (or a reference monument or witness to the corner) at all major corners of any offsite easements or servitudes benefitting the surveyed property and disclosed in Record Documents provided to the surveyor (client to obtain necessary permissions).*
21. ☒ *Professional Liability Insurance policy obtained by the surveyor in the minimum amount of \$1,000,000 to be in effect throughout the contract term. Certificate of Insurance to be furnished upon request.*

EXHIBIT "E"
TO
CONSTRUCTION LOAN AGREEMENT
DESCRIPTION OF THE PLANS

[TO BE INSERTED]

EXHIBIT "F"
TO

CONSTRUCTION LOAN AGREEMENT

(See Attached SNDA Delivered at Closing)

This instrument was prepared by

and upon recordation should be
returned to:

McCarter English, LLP
Four Gateway Center
100 Mulberry Street
Newark, New Jersey 07102
Attention: Jeffrey A. Petit, Esq.

SUBORDINATION, NON-DISTURBANCE & ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE & ATTORNMENT AGREEMENT (this "Agreement") is made and entered into this _____ day of _____, 2018, by and among **TRADEPORT DEVELOPMENT VI, LLC**, a Connecticut limited liability company ("Landlord"), whose mailing address is c/o Griffin Industrial, LLC, 204 West Newberry Road, Bloomfield, Connecticut 06002, **FORD MOTOR COMPANY**, a Delaware corporation ("Tenant"), whose mailing address is c/o Ford Motor Land Development Corporation, 330 Town Center Drive, Suite 1100, Dearborn, Michigan 48126, and **STATE FARM LIFE INSURANCE COMPANY**, an Illinois corporation ("State Farm"), whose mailing address is One State Farm Plaza, Bloomington, Illinois 61710-0001.

RECITALS

A. Landlord, River Bend Development CT, LLC ("River Bend") and Tenant have heretofore entered into a certain Indenture of Lease (the "Lease") dated October 18, 2017 with respect to and governing the terms of Tenant's use and occupancy of all or a portion of certain real estate and improvements depicted on Exhibit A attached hereto and made a part hereof (the "Secured Property"); and

B. By Assignment and Assumption of Lease dated as of January 11, 2018, River Bend assigned to Landlord, and Landlord assumed, all right, title and interest as landlord under the Lease; and

C. State Farm, as a condition to making a loan to Landlord in the principal amount of approximately \$14,287,000.00 (the "Loan"), which is to be secured by a Mortgage and Security Agreement executed by Landlord to and in favor of State Farm (the "Mortgage") constituting a first lien upon and encumbering the Secured Property, and further secured by an Assignment of Rents and Leases executed by Landlord to and in favor of State Farm (the "Assignment of Rents and Leases") assigning to State Farm all leases of and all rents derived from the Secured Property, has required the execution of this Agreement.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and in consideration of the sum of One Dollar (\$1.00) by each of the parties hereto paid to the other, receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby covenant, stipulate and agree as follows:

1. The Lease, and any and all modifications thereof and amendments thereto, all of Tenant's rights thereunder and Tenant's leasehold interest and estate in the Secured Property, shall be and are hereby made junior, inferior, subordinate and subject in all respects to the lien and encumbrance of the Mortgage on the Secured Property and to all renewals, modifications, consolidations, replacements and extensions of the Mortgage, to the full extent of the principal sum secured thereby, all interest thereon and all other sums payable or hereafter becoming payable thereunder.

2. Tenant agrees that it shall promptly deliver or mail to State Farm a copy of each written notice given by Tenant to Landlord of a default by Landlord under the Lease. Tenant further agrees that if, within the time provided in the Lease to cure defaults thereunder (or if no time period is specified in the Lease, within thirty (30) days after State Farm's receipt of Tenant's written notice of default), State Farm, at its option, shall cause to be performed the obligations with respect to which Landlord is in default under the Lease, as specified in such written notice, any right of Tenant to terminate the Lease by reason or on account of such default of Landlord shall cease and be null and void.

3. Tenant is advised and hereby acknowledges that the Mortgage, Assignment of Rents and Leases and other documents which evidence and secure the Loan (collectively the "Loan Documents") grant and provide to State Farm the right to collect rents and other sums payable under the Lease (collectively, the "Rents") directly from Tenant upon the occurrence of an "Event of Default" (as defined in the Mortgage) by Landlord under the Loan Documents. Landlord and Tenant hereby agree that upon Tenant's receipt from State Farm of written notice of the occurrence of any Event of Default by Landlord under the Loan Documents, Tenant shall thereafter pay all Rents directly to State Farm (or as State Farm shall direct). Tenant may rely upon such notice from State Farm without further inquiry.

4. In the event State Farm shall become the owner of the Secured Property by reason of the foreclosure of the Mortgage or the acceptance of a deed in lieu of foreclosure, provided that Tenant is not in default of its obligations under the Lease beyond any applicable grace or cure periods, State Farm agrees that Tenant shall be entitled to continue in possession of the Secured Property undisturbed and the Lease shall not be terminated or affected thereby, but shall continue in full force and effect as a direct lease between State Farm and Tenant upon all of the terms, covenants and conditions set forth therein. In such event, Tenant shall attorn to State Farm and State Farm shall be deemed to have accepted such attornment, whereupon, subject to the observance and performance by Tenant of all of the terms, covenants and conditions of the Lease to be observed or performed by Tenant, State Farm shall recognize the leasehold estate of

Tenant under all of the terms, covenants and conditions set forth in the Lease for the remaining balance of the term thereof; provided, however, State Farm shall not be:

- (a) liable for any act or omission of any prior landlord (including Landlord) or subject to any offsets or defenses which Tenant might have against any prior landlord (including Landlord); provided, however, the foregoing limitation on liability shall not limit State Farm's obligations under the Lease to correct any physical conditions that (i) exist as of the date State Farm shall become the owner of the Secured Property; and (ii) violate State Farm's obligations as landlord under the Lease; provided further however, that State Farm shall have received a written notice of such acts, omissions, conditions or violations prior to becoming owner of the Secured Property and had an opportunity to cure the same in accordance with paragraph 2 hereof. In no event, however, shall State Farm have any liability for consequential damages arising from any default occurring prior to the date State Farm acquires title to the Secured Property;
- (b) bound by any rent or additional rent which Tenant might have paid in advance for more than one month;
- (c) bound by any amendment or modification of the Lease made after the date of this Agreement without State Farm's prior written consent;
- (d) liable for any security deposit, unless actually received by State Farm from any prior landlord (including Landlord); and

5. State Farm agrees that unless required by law and provided that Tenant is not in default under the terms of the Lease beyond any applicable grace or cure periods set forth therein, State Farm will not join Tenant as a defendant in any foreclosure proceedings or other suit, action or proceeding to enforce any rights under the Mortgage, and if such joinder is required by law, State Farm will not seek to terminate the Lease or Tenant's possession of the Secured Property.

6. Tenant agrees that notwithstanding anything to the contrary contained in this Agreement, in the Lease or in any other instrument, any interest of Tenant in or under any option to purchase or right of first refusal of, or with respect to all or any part of the Secured Property is hereby specifically subordinated to the rights of State Farm under the Mortgage and other Loan Documents and such option to purchase or right of the first refusal shall not be binding upon State Farm, its successors and assigns.

7. This Agreement shall be binding upon and inure to the benefit of the parties hereto and shall also bind and benefit the heirs, legal representatives, successors and assigns of the

respective parties hereto, and all covenants, conditions and agreements herein contained shall be construed as running with the title to the land comprising the Secured Property.

8. Any claim by Tenant against State Farm as a successor landlord under the Lease or this Agreement shall be satisfied solely out of State Farm's interest in the Secured Property and Tenant shall not seek recovery against or out of any other assets of State Farm.

9. This Agreement may be executed in multiple counterparts, all of which shall be deemed originals and with the same effect as if all parties had executed the same document. All counterparts shall be construed together and shall constitute one instrument.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first above written.

TRADEPORT DEVELOPMENT VI, LLC

BY: RIVER BEND HOLDINGS, LLC
RIVER BEND HOLDINGS, LLC,
Its Sole Member

BY: GRIFFIN INDUSTRIAL, LLC
Its Sole Member

By: /s/Anthony Galici
Anthony J. Galici
Its Vice President, Chief Financial Officer
and Secretary

Address:

c/o Griffin Industrial, LLC
204 West Newberry Road
Bloomfield, Connecticut 06002

ACKNOWLEDGMENT FOR TRADEPORT DEVELOPMENT VI, LLC:

STATE OF CONNECTICUT:
COUNTY OF HARTFORD:

Before me, the undersigned, a Notary Public in and for the County and State aforesaid, personally appeared Anthony J. Galici, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself to be Vice President of Tradeport Development VI, LLC, the within named bargainer, a Connecticut limited liability company, and that as such he being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as Vice President.

Witness my hand and seal, at office in Bloomfield, Connecticut, this the 8th day of March, 2018.

/s/Nichole Parlapiano
NOTARY PUBLIC
My Commission Expires April 30, 2020

FORD MOTOR COMPANY,
a Delaware corporation

By: /s/J.A. Lynch
J. A. Lynch
Its: Attorney & Agent

Address:

c/o Ford Motor Land Development
Corporation
330 Town Center Drive, Suite 1100
Dearborn, Michigan 48126

ACKNOWLEDGMENT FOR FORD MOTOR COMPANY:

STATE OF Michigan :
COUNTY OF Wayne :

Before me, Lisa Laurie the undersigned, a Notary Public in and for the County and State aforesaid, personally appeared Jeffrey A. Lynch, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself to be Attorney & Agent of Ford Motor Company, a Delaware corporation, the within named bargainor, a corporation, and that as such he being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by his self as Attorney & Agent.

Witness my hand and seal, at office in Dearborn, MI, this the 22 day of February, 2018.

/s/Lisa Laurie
NOTARY PUBLIC
My Commission Expires May 21, 2020

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first above written.

STATE FARM LIFE INSURANCE COMPANY,
an Illinois corporation

By: /s/Philip J. Reuter
Philip J. Reuter
Investment Professional

By: /s/Christiane M. Stoffer
Christiane M. Stoffer
Assistant Secretary

Address:

One State Farm Plaza
Bloomington, Illinois 61710-0001
Corporate Law-Investments
Attn: Robert Tess

ACKNOWLEDGMENT FOR STATE FARM:

STATE OF ILLINOIS)
) SS.
COUNTY OF MCLEAN)

I, Molly Goodrich, do hereby certify that on the 26 day of March, 2018, that Philip J. Reuter and Christiane M. Stoffer as Investment Professional and Assistant Secretary, respectively of State Farm Life Insurance Company, an Illinois corporation, personally appeared before me and being first duly sworn by me severally acknowledged that they signed the foregoing document in the respective capacities therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year before written.

/s/Molly Goodrich
NOTARY PUBLIC: STATE OF ILLINOIS
My Commission Expires September 22, 2021

EXHIBIT "G"

TO

CONSTRUCTION LOAN AGREEMENT

TENANT ESTOPPEL CERTIFICATE

State Farm Life Insurance Company
One State Farm Plaza
Bloomington, Illinois 61710-0001
Corporate Law – Investments
Attn: (Name of Attorney)

Re:

Name of Landlord (as of the date hereof):	
Name of Tenant:	
Name of Lease Guarantor (if any):	
Date of Lease:	
Title and Date(s) of Amendments and Modifications to Lease (if any):	
Address of Premises (including suite number, if any) (the "Premises"):	
Square Footage of Premises:	

Collectively, the foregoing instrument is hereinafter referred to as the "Lease".

Dear Sir or Madam:

Tenant is the tenant under that certain Lease described above and provides this Tenant Estoppel Certificate to State Farm Life Insurance Company ("State Farm") as conclusive evidence of the matters set forth herein concerning the Lease and the Premises.

As of the date hereof, the undersigned hereby certifies the following:

1. The Lease supersedes, in all respects, all prior written or oral agreements between Landlord and Tenant with respect to the Premises and there are no agreements, understandings, warranties or representations between

Landlord and Tenant with respect to the Lease or the Premises, except as expressly set forth in the Lease.

2. As of the date hereof, the Lease has not been amended, modified, supplemented or superseded, except pursuant to the amendments or modifications referenced above.
3. The Lease remains in full force and effect and there are no known existing defaults by Tenant under the Lease.
4. The improvements and space required by the Lease to be delivered to Tenant have been satisfactorily completed and delivered by Landlord and have been accepted by the Tenant except as follows (if blank, none):

5. The Premises are currently occupied and open for the use by Tenant and its customers, employees and invitees.
6. Tenant's interest in the Lease and the Premises demised therein, or any part thereof, has not been sublet, transferred or assigned except as follows (if blank, none): _____
7. All duties of an inducement nature required of the Landlord under the Lease have been fulfilled by Landlord and Tenant is fully obligated to pay rent and all other charges coming due under the Lease except as follows (if blank, none): _____
8. The Commencement Date of the Lease was _____, ____ and the Expiration Date of the Lease is _____, 20____.
9. The last monthly payment of rent in the amount of \$_____ was made by Tenant on _____, 20____. No monthly rental has been prepaid nor has Tenant been given any free rent, partial rent, rebates, rent rebates or concessions. Tenant has no claims, defenses or offsets against any rents payable under the Lease.
10. A security deposit in the amount of \$_____ has been deposited with Landlord. Tenant agrees to look solely to the Landlord for return of the security deposit unless the Landlord has deposited the security deposit with State Farm.
11. To the best of Tenant's knowledge, Landlord has fully performed all of its obligations under the Lease and there are no known circumstances existing

under which Landlord may be deemed in default merely upon the service of notice or passage of time, or both, except as follows (if blank, none): ____

12. Landlord has not given its consent to Tenant to take any action which, pursuant to the Lease, requires Landlord's consent except as follows (if blank, none): _____
13. Tenant has not received any notice of a prior sale, transfer, assignment, pledge or other hypothecation of the Premises, the Lease or of the rents provided for therein.
14. Tenant has not filed, and is not currently the subject of any filing, voluntary or involuntary, for bankruptcy or reorganization under any applicable bankruptcy or creditors rights laws.
15. Tenant is a _____ duly organized, validly existing and in good standing under the law of _____.

In issuing this Estoppel Certificate, Tenant understands that State Farm will rely thereon in funding a \$_____ mortgage loan to Landlord secured by certain real estate which includes the Premises. Tenant acknowledges that State Farm may rely upon a facsimile of this Estoppel Certificate signed by Tenant with the same effect as if State Farm had received an Estoppel Certificate bearing Tenant's original signature.

[NAME OF TENANT]

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT "H"
TO

CONSTRUCTION LOAN AGREEMENT

LOAN TITLE POLICY REQUIREMENTS

1. **Forms of Policy:** The State Farm's Policy must be issued only on any of the following American Land Title Association ("ALTA") standard forms: (a) 1992 or (b) 1970 (as amended October 17, 1970 and October 17, 1984) or (c) 2006. If the 1970 ALTA form is not used and the 1992 ALTA policy is used, both the arbitration requirement and the creditors' right(s) exclusion must be deleted by endorsement. In addition, the "except any such lien..." exception from paragraph 7 of the Jacket in 1970 policy and 1992 policy must be deleted, and the language beginning with "if the construction is financed..." in paragraph 11(a)(ii) of the Jacket in the 2006 must be deleted. **NOTE:** In the few states in which these policies are not available, equivalent policies will be necessary.
2. **Named Insured:** The named insured on Schedule A of the State Farm's Policy must be State Farm Life Insurance Company, its successors and assigns.
3. **Owner:** Owner (title to the real estate) in the final State Farm's Policy must be the same as used in State Farm's loan documents.
4. **Amount of Policy:** The State Farm's Policy must be in the amount of the principal amount of the loan.
5. **Effective Date:** The effective date of the State Farm's Policy must be no earlier than the date (and time, if the effective date includes time) of recording of the mortgage.
6. **Legal Description:** The legal description of the Premises in the State Farm's Policy (Schedule A) must be the same as the legal description shown on the survey and the same as the legal description attached to the mortgage. If there is a difference that must remain, then the legal description in the survey may differ from the legal description of the Premises in Schedule A of the State Farm's Policy if and only if the "Land Same as Survey" endorsement (ALTA 116.1) is provided.

If the legal description of the Premises described in Schedule A is different from the legal description of the Premises described in another instrument (prior recorded deed), the Legal Description Equivalency Endorsement should be obtained. This endorsement reads as follows: "The land described in _____ is legally identical with the land described in Schedule A despite differences in the language employed in the two descriptions of the land."
7. **Legal Descriptions and Appurtenant Easements:** With regard to the insured legal description attached to or described in Schedule A, any appurtenant easements or other rights which benefit the Premises (located on adjacent or other properties) must also be insured (added to the legal description) by the Title Company and become part of the insured legal description on Schedule A of the State Farm's Policy. **NOTE:** If there is a detailed and specific legal description for the appurtenant easement it should be set forth in Schedule A. Some examples of appurtenant easements are:

A. Ingress/Egress/Access Easements:

- (i) For all access easements benefiting the Premises, there must be a **contiguity endorsement** confirming that the access easement is contiguous to both the Premises and the publicly dedicated right of way to which it connects (See Section 16L(iv)(v)); and
- (ii) For all access easements benefiting the Premises, there must be an **access endorsement** confirming that the access easement provides access from the Premises to a publicly dedicated right of way. (See Paragraph 16C(ii)(a));

B. Parking and Driveway Easements.

C. Utility Easements located on adjacent parcels.

Appurtenant Easements necessary to the operation of the Premises must be included as part of the legal description in the State Farm's Policy and affirmatively insured under the State Farm's Policy as separate insured interests.

Assurances must be given in the State Farm's Policy that a tax lien sale or a foreclosure (the insured easement must not be subordinated to financing on the burdened parcel) will not extinguish the insured appurtenant easement (See Section 17A for the appropriate coverages).

- 8. Requirements: "All Requirements" listed in Schedule B, Part 1 must be satisfied on or before Closing.
- 9. Standard/General Exceptions: All standard or printed exceptions must either be deleted from Schedule B or otherwise provided for through an Extended Coverage Endorsement. **No exceptions are to be included in the State Farm's Policy for any filed or unfiled mechanics, materialmen's, brokers or similar liens, whether or not yet due and payable. (Extended Coverage).**
- 10. Real Estate Taxes:
 - A. The Title Company should provide evidence of the most recent tax bills and evidence of payment of such bills, if available
 - B. If available in the jurisdiction, the State Farm's Policy must include, as an informational note, the tax parcel number for the Premises.
 - C. Any exception for taxes, assessments or other governmental lienable items must state "**are a lien, not yet due and payable.**"
 - D. Any real estate taxes or assessments "due and payable" at the time of Closing must be paid before or at Closing.
- 11. Right of Tenants:

- A. Any exception for the rights of tenants may read as follows (but only with the approval of State Farm as to the leases, if any, that should be listed thereon):

"The rights of tenants, as tenants only, under leases described on Schedule [I] attached hereto and by this reference made a part hereof."

- B. Any title exceptions which include specific references to recorded leases must be deleted if the lease does not appear on Schedule [1].
- C. References to leases which are subordinated by the lease language or through separate subordination, non-disturbance and attornment agreements must be shown on Schedule B-II on the final State Farm's Policy as affecting title but subordinate to State Farm's mortgage.

12. Title Exceptions – General Comments: (**NOTE: Legible copies of all title exception documents, referenced maps and subdivision maps must accompany the commitment. These copies should be full and complete copies if referenced documents, plats and maps, including those that are part of the legal description even if not listed as a title exception):**

- A. The standard survey exception must be deleted and replaced with only those matters disclosed on the survey acceptable to State Farm; any generic survey exception must be replaced with survey readings from the ALTA survey. There should not be a general reference to "matters shown on the survey."
- B. All easements, building setback lines and similar title exception matters reflected as title exceptions which are shown on the survey, should contain (i) the following phrase at the end of the title exception: "as shown on survey of the land prepared by _____ [RPS No. ____] (Job. No. ____) dated _____, last revised _____" or (ii) the following statement: All referenced easements and title exception matters are shown on the survey dated ____ last revised ____ prepared by ____ [RPS No.____] [Job No.____].
- C. The width of such easements, building setback lines and similar matters should be indicated in the title exception.
- D. Any title exception pertaining to the Premises (other than liens) must be shown on the survey.

13. Encroachments:

- A. The State Farm's Policy should affirmatively insure that the improvements located on the Premises do not encroach upon any of the easements or setbacks listed on the State Farm's Policy and do not interfere with the operation of the Secured Property or current improvements:
- (i) This Policy insures that the existing improvements do not encroach upon the easements (setbacks, restrictions) shown in items (b), (d) and (k) and that said easements (setbacks, restrictions) do not interfere with the operation of the Secured Property or current improvements.

- (ii) With respect to Schedule B, the improvements do not encroach upon the excepted easements (setbacks) and do not interfere with the operation of the Secured Property or current improvements.
- B. If this cannot be done, the State Farm's Policy must affirmatively insure against all loss or damage due to any such encroachment (encroachment over disclosed easement ALTA 10.3.3):
 - (i) This Policy insures the Insured against loss or damage sustained by the Insured due to the enforced removal or alteration of the building located on the land at the date of this Policy by reason of said encroachment as shown in item [d] above (violation of the provisions of said easement);
 - (ii) The Company hereby insures the Insured against loss which said Insured shall sustain in the event the owner of the easement referred to in paragraph 3 of Schedule B shall, for the purpose of enforcing its rights in said easement, compel the removal of any portion of the improvements on said land which encroach upon said easement.

14. Unlocated/Blanket Easements:

- A. With respect to blanket easements which cannot be located on the survey, or other easements that are not located on the survey, the State Farm's Policy must provide affirmative coverage against any loss resulting from the exercise by the holder of such easement of its right to maintain or use that easement.
 - (i) Encroachment onto unlocated easement (ALTA 103.1):

The Company hereby insures the Insured against loss or damage which the Insured shall sustain as a result of any exercise of the right of use or maintenance of the easement referred to in paragraph ____ of Schedule B over or through the land.
- B. If the endorsement is not available, then containment letters must be obtained with the Title Company adding the following language to the description of the easement:

"[Grantee of Easement] claims no further interest in the foregoing easement except the right to operate, maintain, rebuild and renew its existing facilities under the terms and conditions of said easements."

15. Schedule B, Part II: The following matters need to be set forth on this Schedule: (subordinate to mortgage)

- A. Assignment of Rents and Leases
- B. UCC Filings in the local recorder's office (State filing of the UCC may be shown for informational purposes)
- C. Subordination Agreements obtained for each lease (or statement that certain leases are subordinated to the mortgage).

16. Standard Endorsements Required by State Farm: State Farm requires that the following endorsements be issued as part of the State Farm's Policy (dated the same date as the State Farm's Policy) to the extent available in the applicable jurisdiction (**copies of proposed forms should be provided with the initial loan commitment**).
- A. Comprehensive (ALTA Form 9 or equivalent)
 - B. Land Same as Survey (ALTA 116.1)
 - C. Access to Public Streets:
 - (i) Direct access to a dedicated public street:
 - (a) Said land is contiguous to and has vehicular and pedestrian access to and from a physically open and publicly dedicated street known as _____.
 - (b) The Company hereby insures the Insured against loss or damage which the Insured shall sustain by reason of the failure of the land to abut upon and have access to a physically open and publicly dedicated street known as _____.
 - (c) The Company hereby assures the Insured that said land abuts upon and has access to a physically open and publicly dedicated street known as _____.
 - (ii) Direct access to a dedicated public street through an easement:
 - (a) The easement described as Parcel 2 in Schedule A provides the Owner of the estate or interest referred to in Schedule A with ingress and egress to and from a physically open and publicly dedicated street known as _____.
 - D. Usury (Loan is not usurious)
 - E. Zoning (ALTA 3.1 with parking)
 - F. Separate Tax Parcel
 - G. Legal Parcel – Subdivision:
 - (i) The land is in compliance with and conforms to all applicable (a) statutes, laws and regulations of the State of _____ relating to the subdivision or platting of real property including but not limited to _____, and (b) ordinances and regulations of the City of _____, relating to the subdivision and platting of real property. The Land may lawfully be conveyed utilizing the insured legal description without violating the foregoing statutes, laws, regulations or ordinances.
 - (ii) The Company assures the Insured that the land described in Schedule A constitutes one or more lawfully created parcels according to the subdivision laws of the state in which land is located and any local ordinances adopted pursuant thereto.

H. Location/Street Address

I. Environmental Protection Lien (ALTA Form 8.1)

J. Deletion of Arbitration under the Conditions and Stipulations (Item 13)

K. Contiguity:

- (i) The Company assures the above-named Insured that the land described in Schedule A of this Policy constitutes one contiguous parcel and contains no gaps or gores.
- (ii) The Company assures the Insured that the land described in Schedule A as Parcels 1, 2 and 3 are contiguous to each other along their common boundary lines without gaps, gores or overlaps.
- (iii) The Company hereby insures the Insured against loss or damage, which the Insured shall sustain by reason of the failure of the land described in Parcel 1 in Schedule A to be contiguous to Parcel 2 in Schedule A.
- (iv) The easement described as Parcel ____ in Schedule A is contiguous to a physically open and publicly dedicated street known as _____ and is contiguous to the land described as Parcel _____ in Schedule A of this Policy.
- (v) The land described in Schedule A is contiguous to the easement(s) providing legal access to and from _____.

L. Extended Coverage Endorsements.

M. Construction Mortgage Endorsement.

N. Utility Facilities Endorsement. Endorsement relating to the connection of utility lines directly to mains or lines in a public right(s)-of-way or to lines in recorded easements connecting to a public right(s)-of-way:

- (i) The sewer line running through the northeasterly corner of Phase I ties into the City of _____ public sewer line either directly or through easements of record.
- (ii) The Company insures the Insured against loss or damage which may be sustained due to the failure of the Secured Property described in Schedule A to have water, gas, electric, telephone, storm sewer and sanitary services available, either over, under or upon public right(s)-of-way directly adjacent to said Secured Property or over, under or upon easements for the benefit of said Secured Property that connect to the Secured Property or to public right(s)-of-way directly adjacent thereto.

17. Common Additional Endorsements: Depending on final status of title, additional endorsements may be requested as follows:

A. Access Easements/Insured Easements:

- (i) The Company hereby insures the Insured against loss or damage which the Insured shall sustain by reason of any inaccuracy in the following:
 - (a) Subject to compliance with the terms, conditions and limitations of the instruments creating the insured easements as more particularly identified in Schedule A, hereof under Parcels B and C, and excepting the Exclusions from Coverage of this policy, there are no conditions under which the easements, right(s) of way and other rights insured under Schedule A, including without limitation the easements described as Parcels B and C (hereinafter called the "Insured Easements") can be cut off, subordinated, terminated or curtailed.
 - (b) The Insured Easements are valid, subsisting, and enforceable, vested in fact and of record in the Insured free and clear of all liens and encumbrances except for the matters set forth in Schedule B, Part I, and the matters contained in Schedule B, Part I do not prohibit or restrict the exercise or use of said Insured Easements as provided for in the instruments creating them.
 - (c) The Insured Easements are prior to liens or encumbrances now existing or coming into existence on the servient estates encumbered thereby and foreclosure of mortgages, mechanic's liens, tax liens and other liens on said servient estate will not result in such easements, right(s) of way or other rights being lost, cut off, forfeited, terminated, subordinated or curtailed.

B. Mineral Rights (CLTA 100.29)

C. Water Rights (CLTA 103.5)

- 18. Agent of Title Company. If a commitment is issued by an agent of the title company (as opposed to a branch office of the underwriter), an Insured Closing Letter from the title company regarding the agent should be provided.
- 19. Pro Forma Policy: Prior to Closing, the Title Company should issue a Pro Forma policy with an effective date of "Date and time of recording of the insured instruments." All requirements, if any shown, should be marked "satisfied" or "waived" and all changes, if any, on the Pro Forma initialed.
- 20. Additional Coverages.

A. Covenants and Restrictions:

- (i) The Policy affirmatively insures that the covenants and restrictions set forth above have not been violated and that any future violation thereof will not result in a forfeiture or reversion of title.

- (ii) There has been no violation of these conditions and restrictions and the Policy insures against loss or damage which the Insured may sustain by reason of future violation thereof.
 - (iii) (Reverter Endorsement) The Company hereby affirmatively insures against loss which said Insured shall sustain by reason of:
 - (a) The exercise or attempt to exercise any provision for a reverter, right of re-entry or any right or power of termination of said estate or interest upon breach of any instrument referred to in Schedule B Part I.
 - (b) Unmarketability of the title to said estate or interest due to the provision for a reverter, right of re-entry or a right of power of termination upon breach of said instrument should the Insured acquire title to said estate or interest pursuant to the provisions of the conditions and stipulations of said policy.
 - (iv) No Amendment or other modification of the instrument referenced in Schedule B Item 12 shall be binding upon the Insured unless the Insured shall have consented thereto in writing, unless properly amended or by a final court order and/or judgment.
- B. Violations of Setbacks. "The Policy affirmatively insures against loss or damage as a result of said encroachment."
- C. Street Assessments:
 - (i) The Company insures the Insured against loss or damage sustained by reason of any assessments for street improvements under construction, or completed at date of Policy not excepted in Schedule B which now have gained or hereafter may gain priority over the lien of the insured mortgage.
- D. Association Assessments:
 - (i) The Company hereby insures against loss or damage by reason of the priority if any lien for charges and assessments for in favor of any association of Secured Property owners which are provided in any document referred to in Schedule B over the lien of any insured mortgage identified in Schedule A.

EXHIBIT "I"
TO

CONSTRUCTION LOAN AGREEMENT

INSURANCE REQUIREMENTS

(a) Borrower shall insure and keep insured the Secured Property and each and every part thereof against such perils and hazards as State Farm may from time to time require, and in any event including:

(i) Builder's risk insurance during the entire period of construction of the Improvements in an amount at least equal to the full replacement cost value of the Improvements as projected to be completed without deduction for physical depreciation and with (A) a standard mortgagee's endorsement clause; (B) a maximum deductible of \$10,000.00; and (C) either an agreed amount endorsement (to avoid the operation of any coinsurance provisions) or a waiver of any coinsurance provisions. Such builder's risk policy shall be written on a Builder's Risk Completed Value Form (100% non-reporting) insuring against all risks of loss to the Secured Property customarily covered by "Causes of Loss-Special Form" policies (also known as "all risk" insurance) including coverage for collapse;

(ii) Property insurance insuring against all risks of loss to the Secured Property customarily covered by "Causes of Loss—Special Form" policies (also known as "all risk" insurance) in an amount at least equal to the full replacement cost of all Improvements, without deduction for physical depreciation and with (A) a standard mortgagee's endorsement clause; (B) a maximum deductible of \$10,000.00; and (C) either an agreed amount endorsement (to avoid the operation of any coinsurance provisions) or a waiver of any coinsurance provisions;

(iii) Commercial general liability insurance on an occurrence basis to afford protection for bodily injury, death and property damage in an amount of not less than the greater of (A) One Million Dollars (\$1,000,000); or (B) the highest amount of coverage required to be carried by the landlord under the terms of the Major Leases. The policy shall name State Farm as an additional insured;

(iv) Steam boiler, machinery and pressurized vessel insurance (if applicable to the Improvements);

(v) If the Secured Property is occupied by a tenant or tenants, rent loss insurance in an amount sufficient to cover loss of rents from the Secured Property for a minimum of twelve (12) months or, in the alternative, if the Secured Property is occupied by Borrower, business interruption insurance in an amount sufficient to cover loss of gross earnings from the Secured Property for a minimum of twelve (12) months;

(vi) If any building or other structure on the Secured Property is situated in an area now or hereafter designated by the Federal Emergency Management Agency as a "Special Flood Hazard Area" (Zone A or Zone V), evidence of flood insurance in an amount equal to the least of (A) the minimum amount required under the terms of the coverage to compensate for any

damage or loss on a full replacement cost basis; (B) the unpaid principal balance of the Indebtedness; or (C) the maximum limit of coverage available for the Secured Property under the National Flood Insurance Program; provided, however, that, in the event the unpaid principal balance of the Indebtedness is less than 80% of the replacement cost under subsection (A), the flood insurance coverage shall be in an amount equal to the lesser of the amounts set forth in subsections (A) or (C). The policy shall name State Farm as the first mortgagee under a standard mortgagee's endorsement clause;

(vii) Either affirmative coverage for acts of terrorism in its property and liability insurance or evidence that coverage for acts of terrorism is not excluded from its property and liability insurance;

(viii) Either affirmative coverage for windstorm and named storms in its property insurance or evidence that coverage for windstorm and named storms is not excluded from its property insurance; and

(ix) Such other insurance coverages on the Secured Property as reasonably required by State Farm.

(b) Insurance policies required by this Exhibit shall:

(i) be in amounts and form and issued by companies satisfactory to State Farm and shall comply with all provisions of the Loan Documents;

(ii) contain endorsements naming State Farm as first mortgagee under a standard mortgagee clause and lenders loss payee or loss payee under the required property, steam boiler and rent loss insurance policies and as an additional insured for the commercial general liability insurance policy;

(iii) contain endorsements providing for not less than ten (10) days written notice to State Farm for cancellation due to nonpayment of premium and not less than thirty (30) days written notice to State Farm prior to any cancellation, non-renewal or termination due to any other reason;

(iv) permit State Farm to pay any premium within fifteen (15) days after its receipt of notice stating that such premium has not been paid when due;

(v) require that settlement of any claim under any of the referenced policies shall require State Farm's prior written approval; and

(vi) contain exclusions to coverage acceptable to State Farm.

(c) The policy or policies of such insurance or certificates of insurance evidencing the required coverage shall be delivered to State Farm.

(d) Borrower shall not purchase separate insurance policies concurrent in form or contributing in the event of loss with those policies required to be maintained under this Exhibit.

EXHIBIT "J"
TO

CONSTRUCTION LOAN AGREEMENT

ARCHITECT'S CERTIFICATE

The firm of _____ hereby certifies for the benefit of State Farm Life Insurance Company, that:

The firm has been employed by _____ pursuant to a contract dated _____ (the "Contract") to provide architectural and engineering services for the construction of a _____ (the "Building") commonly known as _____ which is located at _____ (collectively, the "Project").

The Contract provides for the following services:

_____	Preparation of plans and specifications
_____	Pre-qualification of contractors
_____	Contract administration and supervision of construction
_____	Tenant space design
_____	_____
_____	_____

The firm is duly licensed and in good standing under laws of the State of _____
License No. _____.

The foundations of the Building were designed in accordance with the recommendations contained in a soil report dated _____ which was prepared by _____.

The following are all of the permits or Governmental Authority approvals (the United States, the state, the county, the city or any other political subdivision in which the Project is located and any court or political subdivision, agency or instrumentality having or a exercising jurisdiction over the Project) required for the construction and occupancy of the Building:

	<u>Issuing Agency</u>	<u>Date Issued</u>
Excavation Permit	_____	_____
Foundation Permit	_____	_____
Building Permit	_____	_____
EPA – Water	_____	_____
EPA – Sewer	_____	_____
EPA – Air	_____	_____
Cert. Of Occupancy Bldg.	_____	_____
Cert. Of Occupancy – Tenant	_____	_____
Other (Specify)	_____	_____

All utilities necessary for the operation of the Project are available with sufficient capacity at the boundaries of the Project. If utility services must be brought to the Project site, please explain:

The plans listed on the attached Schedule I comprise all of the plans which will be necessary for the complete construction of the Project, excepting tenant space designs, and when built in accordance therewith, the Project will (excepting completion of tenant improvements) be ready for occupancy. The plans are complete and contain all detail necessary for construction. Calculations of the gross building and the net rentable building area are attached as Schedule II. The plans (and the Project will, when constructed in accordance therewith) comply with all applicable building, zoning, land use, subdivision, environmental, fire, safety and other applicable governmental laws, statutes, codes, ordinances, rules and regulations.

The attached Schedule III, establishing a timetable for completion of the Project and showing on a monthly basis the anticipated progress of the work, is feasible and achievable.

The following design drawings or plans have been or will be prepared by other designers or contractors.

<u>Type of Plans</u>	<u>Name of Preparing Firm</u>
_____	_____
_____	_____
_____	_____

The Specifications are:

shown on plans

Bound separately

Dated this ____ day of _____, _____

Licensed Architect

Seal, Registration or
License Number: _____

EXHIBIT "K"
TO

CONSTRUCTION LOAN AGREEMENT

ARCHITECT'S CERTIFICATE OF COMPLETION

The undersigned _____ Architect for _____ hereby certifies to State Farm Life Insurance Company, an Illinois corporation, as follows in connection with State Farm's Loan to _____ pursuant to Application No. _____ dated _____, _____ with respect to the Secured Property with an address of _____:

1. The plans and specifications for the building(s) and all improvements on the Secured Property listed on Exhibit A attached hereto were prepared by the Architect in compliance with all applicable laws, ordinances, building codes and restrictive covenants affecting the Secured Property.
2. The plans and specifications relate to the construction of building(s) and other improvements consisting of:

3.
 - A. Except for the uncompleted work described in paragraph 3B, if any, the building(s) and other improvements have been (a) constructed in a first class workmanlike manner; (b) constructed in accordance with the plans and specifications; and (c) substantially completed, without any further work required, to allow the issuance of a certificate of occupancy. The completion of the building(s) and improvements includes paving, lighting, landscaping, and all on and off site improvements for the Secured Property.
 - B. List by item any uncompleted work as of the date of this Certificate, describing the work to be completed, the cost estimate for completion and the estimated completion date:

4. The building(s) and improvements, and the use thereof, to the Architect's best knowledge after due and diligent inquiry, are in full compliance with all applicable laws, building codes, zoning and other ordinances, rules and restrictive covenants applicable to the Secured Property, including, without limitation, subdivision, parking, environmental, fire safety, handicapped facilities (Americans with Disabilities Act) and site planning.
5. All approvals required by all governmental authorities having jurisdiction over the Secured Property have been obtained and such approvals are not based on any real Secured Property or rights appurtenant thereto other than the Secured Property (easements, driveway agreements, party wall agreements etc.).
6. All requirements in any soils reports, compaction studies or soil boring tests have been fully complied with.

7. All utilities for the operations of the Improvements are available to the Secured Property.
8. _____ is entitled to full use and occupancy of the building(s) and all improvements for the purpose(s) intended for the Secured Property.

Dated this ____ day of _____, _____

Licensed Architect

Seal, Registration or
License Number:_____

EXHIBIT “L”
TO
CONSTRUCTION LOAN AGREEMENT

PHASE I ENVIRONMENTAL REPORT REQUIREMENTS

- (a) The initial Phase I Environmental Report shall include the following items:
- (i) Description of the Secured Property with a site plan drawing noting the location of hazardous materials and/or wastes and suspect conditions;
 - (ii) Results of an on-site inspection of the Secured Property;
 - (iii) Results of interviews with owners, current tenants, workers, neighbors and past occupants, as available, with respect to the past and present uses of and environmental concerns with the Secured Property;
 - (iv) Visual inspection of adjacent properties and a description of surface, soil and ground water characteristics of adjacent and neighboring properties;
 - (v) Overview of prior uses and occupancy of the Secured Property, with a review of historical information which shall include, without limitation: (a) chain-of-title certification from the earlier of 1940 or such time as the Secured Property was first developed; (b) aerial photographs; (c) fire insurance maps; and (d) city directories;
 - (vi) Findings as a result of (a) contact with federal, state and local officials regarding the Secured Property and surrounding sites within a one mile radius (for example, Federal and State Environmental Protection Agencies; National Priorities List (NPL); Comprehensive Environmental Response Compensation and Liability Act (CERCLIS) List; Resource Conservation and Recovery Act (RCRA) List; Underground Storage Tanks (USTs) and leaking USTs programs) and (b) a review of regulatory information from any file held by such agency regarding the Secured Property and such surrounding sites;
 - (vii) Assessment of the impact of off-site locations on the Secured Property;
 - (viii) Review of any hazardous materials and/or wastes generated, stored or used at the Secured Property or in the vicinity of the Secured Property which may affect the Secured Property, both currently and in the past with an investigation of all prior spills or instances of contamination;
 - (ix) Description of all aboveground and underground storage tanks, noting the size, location, age, contents, material and condition of the tanks;
 - (x) Description of any other hazard that may have an environmental impact on the Secured Property such as the presence of PCBs, drainage, radon, lead-based paint, septic tank systems and mold; and

- (xi) Description of all suspect asbestos-containing materials (“ACM”) from an inspection of the Secured Property with a report as to location, material, condition, estimated quantity and vulnerability to disturbance. If the inspection reveals suspected ACM are present on the Secured Property, State Farm may require a comprehensive asbestos survey and testing of samples of ACM, especially friable ACM, by a certified asbestos inspector.
- (b) The Phase I Environmental Report shall contain:
 - (i) A certification giving State Farm the right to rely on the contents of the Report without limitation;
 - (ii) Photographs of the Secured Property, identified hazards and suspect conditions;
 - (iii) An Executive Summary of the Report;
 - (iv) “Conclusions and Recommendations” section assessing the environmental risks associated with the Secured Property which identifies whether any environmental conditions on the Secured Property are ASTM recognized environmental conditions and which makes recommendations for a Phase II investigation; and
 - (v) A statement that except as otherwise required herein, the Report was completed in accordance with the latest revision of the E 1527ASTM Phase I Standard Practice for Environmental Site Assessments.
- (c) The environmental/consulting firm must:
 - (i) Provide financial statements, resumes of its consultants, references and a statement as to its qualifications for the scope of work proposed; and
 - (ii) Furnish certificates of Insurance and/or appropriate policies as requested, with a minimum coverage of \$1,000,000.00 for both general liability and professional liability without pollution exclusions.

EXHIBIT “M”
TO
CONSTRUCTION LOAN AGREEMENT

TAX AND INSURANCE WAIVER LETTER

_____, 20____

(Note: do not fill in the date of this letter - leave above as is and delete this instruction)

[_____]

Re: State Farm Loan No. [_____] (the “Loan”)

Dear [_____]:

State Farm Life Insurance Company (“State Farm”) hereby waives the monthly escrow deposits of 1/12 of the estimated taxes and insurance premiums as required by the **[Insert Complete Name of Mortgage]** dated as of the date hereof between State Farm and [_____] (the “Borrower”) in connection with the above-referenced Loan (the “Mortgage”). In so doing, State Farm reserves the right to enforce the payment of these deposits in accordance with the Mortgage and to rescind this waiver, upon prior written notice to the Borrower, when and after (a) the Borrower shall fail to pay when due any taxes or insurance premiums required by the terms of the Mortgage; (b) the occurrence of any default in any covenant or provision of the Note, Mortgage or any other Loan Documents given to evidence or secure the Indebtedness; or (c) the occurrence of any material adverse change, financial or otherwise, as determined by State Farm in its sole discretion in (i) the condition, operation, use, actual and projected income, reputation or prospects of the Premises or (ii) the condition, creditworthiness, operations, solvency, reputation, contingent liabilities or prospects of the Borrower or of any general partner, managing member or beneficiary of the Borrower, any guarantor of the Loan, any tenant under any of the Major Leases (collectively, the “Significant Parties”) or in any person or entity holding a significant management, voting or ownership interest (directly or indirectly) in the Premises, in the Borrower or in any Significant Party. All capitalized terms used herein but not defined shall have the meaning attributed to such terms in the Mortgage.

This waiver shall be applicable only so long as the Borrower is the sole fee simple owner of the Premises and extends only to the matters set forth in this letter.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Please acknowledge your receipt and agreement to the foregoing by signing the duplicate original of this letter and returning it to the undersigned.

Sincerely,

STATE FARM LIFE INSURANCE COMPANY

By: _____

Name:

Title:

By: _____

Name:

Title:

Accepted and approved this
____ day of _____, 20____.

[_____]

By: _____

Name:

Title:

EXHIBIT “N”
TO
CONSTRUCTION LOAN AGREEMENT

CASH FLOW ESCROW AGREEMENT

THIS CASH FLOW ESCROW AGREEMENT (this “**Agreement**”), is made and executed the _____ day of _____, 20____, by and among **TRADEPORT DEVELOPMENT VI, LLC**, a Connecticut limited liability company (“**Borrower**”), **STATE FARM LIFE INSURANCE COMPANY**, an Illinois corporation (“**State Farm**”) and **CBRE CAPITAL MARKETS, INC.**, a Texas corporation (“**Escrow Agent**”).

RECITALS

A. State Farm has made a loan to Borrower in the principal amount of up to Fourteen Million Two Hundred Eighty Seven Thousand and Five Hundred and 00/100 Dollars (\$14,287,500.00) (the “**Loan**”).

B. The Loan is evidenced by Borrower’s Promissory Note in that amount payable to the order of State Farm of even date herewith (the “**Note**”).

C. The Loan is secured by that certain Open-End Construction Mortgage Deed and Security Agreement executed by Borrower to and in favor of State Farm dated as of March 29, 2018 (the “**Mortgage**”) encumbering the real estate described in the Mortgage and by reference made a part hereof, the improvements located thereon and certain other property, rights and interests more particularly described in the Mortgage (collectively, the “**Secured Property**”).

D. The Loan is also secured or supported by certain other documents and instruments which are defined in the Mortgage as the “**Loan Documents**”.

E. Pursuant to the terms of the Construction Loan Agreement dated as of March 30, 2018 between Borrower and State Farm related to the Loan (the “**Loan Agreement**”), during the Cash Flow Escrow Period (as defined in the Loan Agreement), Borrower is obligated to deliver the Cash Flow Sweep Amount (as defined in the Loan Agreement) to the Escrow Agent on a monthly basis.

F. The Borrower shall deposit the Cash Flow Sweep Amount in escrow with the Escrow Agent for the purpose of the payment of future tenant improvements and leasing commissions for the Secured Property.

G. Borrower has agreed to pledge to State Farm any and all right, title and interest, contingent or otherwise, in the Cash Flow Sweep Amount as security for the Loan and as security for Borrower’s prompt and timely performance of its covenants, agreements, responsibilities and obligations under this Agreement, the Loan Agreement, the Note, the Mortgage and the other Loan Documents.

H. Borrower and State Farm have agreed that the Cash Flow Sweep Amount will be deposited by Borrower into an account (the “**Cash Collateral Account**”) established by Escrow

Agent in the name of Escrow Agent pursuant to this Agreement and the Collateral (as defined below) shall be held by Escrow Agent in accordance with the terms of this Agreement and made available from time to time in accordance herewith.

AGREEMENTS

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Recitals.** The Recitals set forth above are true and correct and by this reference incorporated herein.
2. **Definition of Terms.** Capitalized terms not otherwise defined herein shall have the definitions and meanings ascribed to such terms in the Note, the Mortgage, the Loan Agreement and the other Loan Documents.
3. **Definitions.** As used herein, the following terms shall have the meaning set forth below:
 - (a) **“Approved Expenses”** shall mean, collectively, the Leasing Commissions and Tenant Improvements.
 - (b) **“Leasing Commissions”** shall mean the leasing commissions approved by State Farm for Major Leases approved by State Farm.
 - (c) **“Regular Payment Date”** shall mean the first day of each month during the Cash Flow Escrow Period.
 - (d) **“Tenant Improvements”** shall mean all labor, materials and other expenses necessary to complete the tenant improvements approved by State Farm for Major Leases approved by State Farm.
4. **Deposits by Borrower and Cash Flow Reports.** Commencing on the first day of the ninth (9th) month prior to the expiration date of the Ford Major Lease (as defined in the Loan Agreement), in addition to the regular Monthly Payment required under the Note, and on each Regular Payment Date thereafter during the Cash Flow Escrow Period, Borrower shall deposit with Escrow Agent the applicable Cash Flow Sweep Amount and shall deliver to State Farm and Escrow Agent written reports certified by the chief financial officer of Borrower as true and correct (the **“Cash Flow Reports”**) detailing the calculation of the Cash Flow Sweep Amount, whether positive or negative as of such Regular Payment Date. Such Cash Flow Reports shall be in form and substance reasonably satisfactory to State Farm and shall be accompanied by such financial reports, statements or other supporting documentation that State Farm may request in its sole discretion including, without limitation, the following: (a) balance sheets; (b) profit and loss statements; (c) month-end check register and copies of invoices; (d) month-end accounts payable aging report; (e) bank reconciliations with bank statements for all cash accounts; and (f) month-end rent roll.

5. **Cash Collateral Account.** The Cash Flow Sweep Amount shall be deposited by Borrower with Escrow Agent by wire transfer in immediately available funds. Escrow Agent agrees to and is hereby directed by Borrower and State Farm to open an FDIC-insured interest bearing account or accounts in the name of Escrow Agent for the benefit of State Farm at a financial institution designated by Borrower and acceptable to State Farm in its sole discretion (the “**Bank**”) which shall serve as the Cash Collateral Account, subject to the terms and conditions of this Agreement. State Farm may, in its sole discretion, from time to time, require Borrower to transfer the Cash Collateral Account to another financial institution acceptable to State Farm in its sole discretion. The Cash Collateral Account shall contain funds covered by this Agreement and shall not contain commingled funds. Contemporaneously with the payment of the initial Cash Flow Sweep Amount, Borrower shall cause the Bank to deliver to State Farm an agreement subordinating its right of set-off against the Cash Collateral Account in the form attached as **Exhibit A**. The Cash Collateral Account shall at all times be maintained by Escrow Agent with the Bank or such other financial institution as may be acceptable to State Farm in its sole discretion, in accordance with the terms and conditions hereof.

6. **Pledge of Borrower’s Interest.** To secure the due and punctual payment and performance of Borrower’s covenants, agreements, obligations and representations relating to the Loan and as set forth in the Note, the Mortgage, this Agreement, the Loan Agreement and the other Loan Documents (collectively, the “**Secured Indebtedness**”), Borrower hereby pledges, hypothecates, assigns, transfers, sets over and delivers unto State Farm for deposit in the Cash Collateral Account, and hereby grants to State Farm a security interest in, the following (the “**Collateral**”):

- (a) The Cash Flow Sweep Amount; and
- (b) All interest, earnings, dividends and any other property which at any time, and from time to time, may be received, receivable or otherwise distributed in respect of or in exchange for, or pertinent to, any or all of the cash or other property in the Cash Collateral Account.

TO HAVE AND TO HOLD the Collateral, together with all rights, titles, interests, privileges and preferences appertaining, incidental or pertinent thereto, unto State Farm, its successors and assigns forever, subject however to the terms, covenants and conditions hereinafter set forth.

7. **Perfection.** State Farm and Borrower each acknowledge that, for purposes of perfecting the first priority security interest or pledge to State Farm of Borrower’s interest in the Cash Collateral Account and the Collateral, all as evidenced by the foregoing Section 6 of this Agreement, Escrow Agent shall hold the Cash Collateral Account and the Collateral acquired with the funds in the said Cash Collateral Account as agent of, on behalf of, and for the benefit of State Farm. Borrower authorizes State Farm to file UCC financing statements as State Farm may deem necessary from time to time to perfect its security interest.

8. **Disposition of Collateral in the Cash Collateral Account.** The Collateral shall be held in escrow by Escrow Agent in the Cash Collateral Account and shall be disbursed as follows:

(a) As Borrower incurs Approved Expenses at the Secured Property, Borrower may request State Farm to release a portion of the Collateral for the payment of such Approved Expenses incurred through the date of each request, provided that no prior request has been made and granted therefor. The release of the Collateral shall be subject to the fulfillment of the following requirements:

- (i) Borrower shall have delivered to State Farm and Escrow Agent a written request for disbursement dated ten (10) days before the requested disbursement that describes the applicable Tenant Improvement work and/or Leasing Commission(s) for which the disbursement is being requested (including an itemization of the Approved Expenses to which the request relates and evidence that such Approved Expenses have been paid in full [or if such Approved Expenses will be paid with the requested disbursement, invoices in connection therewith]). Borrower shall submit such other documentation reasonably requested by State Farm supporting such request;
- (ii) With respect to Tenant Improvement work approved by State Farm, Borrower shall certify that all Tenant Improvements have been made in accordance with applicable laws and shall also deliver a certificate from the tenant(s) for which the Tenant Improvements have been performed stating that such Tenant Improvements have been completed in a manner satisfactory and acceptable to such tenant and containing such other information as State Farm may require, in form and substance reasonably satisfactory to State Farm;
- (iii) Simultaneously with the delivery of the request for disbursement, Borrower shall have delivered to State Farm a reasonable Servicing Fee;
- (iv) No Event of Default shall be in existence under any Loan Documents as of the date Borrower requests a disbursement of the Collateral or as of the date such Collateral is disbursed and no event shall have occurred as of the date Borrower requests a disbursement or as of the date such Collateral is disbursed which, with the passage of time or the giving of notice or both, would constitute an Event of Default;

(b) Provided no liens are outstanding or can attach on account of any Tenant Improvements and/or Leasing Commissions approved by State Farm and

Borrower shall have satisfied all other conditions set forth in this Agreement for a disbursement, State Farm or its designated representative shall instruct the Escrow Agent to make a disbursement from the Cash Collateral Account to Borrower in a manner satisfactory to State Farm.

(c) If Borrower fails to complete any of the Approved Expenses in accordance with the aforementioned requirements and plans approved by State Farm and such failure shall remain uncured for the time period, if any, specified in the Mortgage after notice to Borrower of the occurrence of such failure, State Farm shall have the following options:

- (i) To proceed under any existing contracts or to enter into new contracts with any third party for the completion of such Approved Expenses that Borrower has failed to perform, and in such event, State Farm may direct Escrow Agent to pay over all or any part of the Collateral from the Cash Collateral Account to such persons completing such Approved Expenses;
- (ii) To direct Escrow Agent to disburse the Collateral in the Cash Collateral Account to State Farm to pay amounts outstanding with respect to the Indebtedness, such application to be for one or more of the following, as State Farm shall determine in its sole discretion: (A) accrued and unpaid interest, including default interest; (B) Late Charges; (C) the principal balance outstanding under the Loan without affecting the amount of monthly payments payable under the Note; or (D) any other amounts or expenses due with respect to the Secured Indebtedness including, without limitation, any applicable prepayment fee; and
- (iii) To pursue such other rights and remedies as may be available to State Farm.

(d) In the event State Farm, pursuant to the provisions of subparagraph (c) of this Section 8, proceeds to complete any of the uncompleted Tenant Improvements, Borrower hereby irrevocably authorizes and empowers State Farm and grants State Farm a license to use all equipment, material and appliances of Borrower, as its attorney-in-fact, and to call upon and require all persons under contract with Borrower to make the Tenant Improvements and supply the materials, furniture, fixtures and equipment necessary for the completion of the Tenant Improvements. State Farm, in so doing, is hereby empowered to make such changes, alterations, additions or modifications as it deems to be necessary or expedient so that the Tenant Improvements completed in accordance with the plans approved by State Farm.

(e) If Borrower fails to pay for any Expenses, in accordance with the terms of this Agreement, when demand for payment has been duly made, then State Farm shall have the right, at its sole option, to direct Escrow Agent to use the Collateral to pay directly to any mechanic, materialman, laborer or supplier the amount claimed to be due to such person, firm or corporation for any such Expenses and State Farm shall have no duty or obligation to determine the accuracy of the amount so claimed.

(f) Escrow Agent hereby agrees to hold and disburse the Collateral as directed by State Farm in accordance with this Agreement and Escrow Agent shall have no duty or obligation to determine whether State Farm is entitled hereunder to give such direction.

(g) If, during the term of this Agreement, any Event of Default shall exist in any term, covenant, condition or provision of this Agreement, the Note, the Mortgage or any other Loan Documents, State Farm shall have the option to declare Borrower in default under this Agreement, the Note, the Mortgage, the Loan Agreement and the other Loan Documents and (i) to direct Escrow Agent to disburse the Collateral in the Cash Collateral Account to State Farm to pay amounts outstanding with respect to the Indebtedness, such application to be for one or more of the following, as State Farm shall determine in its sole discretion: (A) accrued and unpaid interest, including default interest; (B) Late Charges; (C) the principal balance outstanding under the Loan without affecting the amount of monthly payments payable under the Note; or (D) any other amounts or expenses due with respect to the Secured Indebtedness including, without limitation, any applicable prepayment fee; (ii) to cure any such default; or (iii) both (i) and (ii), as State Farm shall determine in its sole discretion. Such application shall not be deemed to constitute a cure of such Event of Default, nor shall it alter in any way Borrower's obligations hereunder. Any Event of Default under this Agreement shall also constitute an Event of Default under the other Loan Documents.

9. **Reserved**

10. **Agreement for Benefit of State Farm; No Assignments by Borrower.** It is the intention of the parties hereto that this Agreement, the Collateral and the Cash Collateral Account are each made for the benefit of State Farm and no third parties shall have the right to enforce the provisions hereof and/or deal with the Collateral deposited under this Agreement. Nothing herein shall be deemed to create, either expressly or by implication, any lien, claim or right on behalf of laborers, mechanics, suppliers, materialmen, lienholders or any other third party which could in any way be superior to the lien and claim of State Farm or which could be construed as creating any third party rights of any kind or nature, in or to this Agreement, the Collateral or the Cash Collateral Account. Borrower shall have no right to assign its rights or obligations under this Agreement or to pledge or otherwise encumber its interest in any monies or other Collateral deposited under this Agreement and any such attempted assignment, pledge or encumbrance shall be null and void.

11. **State Farm's Prior Lien.** The obligations secured by State Farm's perfected security interest in Collateral and the Cash Collateral Account shall include the Secured Indebtedness and all State Farm's costs and expenses relating to this Agreement including, without limitation, court costs and reasonable attorneys' fees incurred by State Farm in connection with any legal or equitable proceeding which may be brought concerning the Collateral, the Cash Collateral Account or this Agreement.

12. **Continue Payments.** Any application of the Collateral shall not relieve Borrower from making the regular Monthly Payments or any other payments required in accordance with the terms and conditions of the Loan Agreement, the Note, the Mortgage or the other Loan Documents.

13. **Exculpation and Indemnification of State Farm.** Borrower acknowledges and agrees that State Farm shall have no liability or responsibility for any loss of the Collateral, or any portion thereof, or any diminution in the value of the Collateral as a result of bank failure or any other cause. Borrower hereby indemnifies and agrees to hold State Farm harmless from and against any and all loss, liability, cost, damage and expense including, without limitation, reasonable attorneys' fees and court costs which State Farm may suffer or incur by reason of any action, claim or proceeding brought against State Farm arising out of or relating in any way to this Agreement, the performance by State Farm of any obligations or rights of State Farm under this Agreement including, without limitation, the exercise and performance by State Farm of its rights under Section 8(c), (d) and (e), above or any transaction to which this Agreement relates. This indemnity shall survive the termination of this Agreement. Borrower's indemnification obligations hereunder shall not extend to matters arising out of the willful misconduct or gross negligence of State Farm.

14. **Investment of Collateral.**

(a) In addition to the FDIC-insured accounts described in Section 5 above, State Farm agrees that Escrow Agent may invest the Collateral in the Cash Collateral Account for the benefit of State Farm in investments and financial institutions designated by Borrower and acceptable to State Farm, which acceptance may be withheld and/or revoked in State Farm's sole discretion. It is understood that Escrow Agent shall not be required to achieve any minimum return on said funds. Upon the occurrence of an Event of Default by Borrower under this Agreement, the Note, the Mortgage, the Loan Agreement or any other Loan Documents, all accrued interest on the Collateral in the Cash Collateral Account shall be disbursed to State Farm to be applied in the same manner as outlined in Section 8(g) above. Interest on the Collateral shall accrue and become a part of the Collateral and so long as there has been no Event of Default under this Agreement, the Note, the Mortgage, the Loan Agreement or any other Loan Documents, shall be disbursed to Borrower as part of the last disbursement to which Borrower is entitled hereunder.

(b) All earnings from the investment of the Collateral on deposit in the Cash Collateral Account shall be deemed income to Borrower for federal, state and local income tax purposes and shall be reported by Escrow Agent to applicable

authorities, if at all, using the Federal Identification Number of Borrower which is 82-3285197. The parties hereto acknowledge that the foregoing provision shall not in any way abrogate, vitiate or diminish the effectiveness of the pledge of such investment earnings to State Farm as provided in Section 6 of this Agreement.

15. **Liability, Duties and Obligations of Escrow Agent.** The parties hereby agree as follows:

(a) Escrow Agent undertakes to perform only such obligations as are expressly set forth herein.

(b) Escrow Agent shall not be liable for any action taken by it in good faith and reasonably assumed by it to be authorized or within the rights and powers conferred upon it herein. Escrow Agent may conclusively rely upon and shall be protected in acting upon any statement, certificate, notice, request, consent, order or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Escrow Agent shall have no duty or liability to verify any such statement, certificate, notice, request, consent or other document, except to the extent provided herein.

(c) In the event of any dispute with respect to the disposition of the Collateral in the Cash Collateral Account, Escrow Agent shall comply with the written instructions agreed to between State Farm and Borrower.

(d) State Farm and Borrower agree that this Agreement relates to escrow matters only, with all matters of title insurance coverage being contained only in the final policy of title insurance and in all endorsements thereto.

16. **Borrower to Pay All Costs; Indemnification of Escrow Agent.** Borrower agrees to pay all costs and expenses of any kind whatsoever pertaining to the negotiation, preparation, implementation, processing and closing of this Agreement or in connection with disbursements or services to be rendered hereunder including, without limitation (a) reasonable attorneys' fees and expenses of State Farm's outside attorneys; (b) all charges of Escrow Agent for performing its duties hereunder; and (c) all charges of the title insurer in issuing the title endorsements specified in this Agreement. Borrower also agrees to indemnify and hold Escrow Agent harmless as to any liability by it incurred to any other person, firm or corporation by reason of it having accepted this Agreement, or its carrying out any of the terms hereof, and Borrower agrees to reimburse Escrow Agent for all its expenses including, without limitation, reasonable attorneys' fees and court costs in connection with any dispute arising hereunder. This indemnity shall survive the termination of this Agreement. Borrower's indemnification and reimbursement obligations hereunder shall not extend to matters arising out of the willful misconduct or gross negligence of the Escrow Agent.

17. **Accounting.** Borrower shall provide State Farm or cause Escrow Agent to provide, at State Farm's office, as set forth below (or such other address as State Farm may indicate), a monthly statement for the Cash Collateral Account. Such statements shall be delivered no later than thirty (30) days following the preparation of the monthly statement by the

Bank. Such accounting shall be in form and content acceptable to State Farm as determined in its sole discretion and shall include complete and reasonable detail supporting any withdrawals. If the monthly accounting is not timely submitted or is not acceptable to State Farm in any respect and the same is not received or revised, as applicable, within thirty (30) days following notice from State Farm, State Farm shall have the right to require Escrow Agent to disburse the Cash Collateral Account to State Farm, after which State Farm may hold such funds without interest and directly monitor disbursements requested by Borrower.

18. **Notices.** Any notice, consent or approval that State Farm, Borrower or Escrow Agent may desire or be required to give to the other shall be in writing and shall be mailed or delivered to the intended recipient thereof at its address set forth below or at such other address as such intended recipient may from time to time by notice in writing designate to the sender pursuant hereto. Any such notice, consent or approval shall be deemed effective if given (a) by nationally recognized overnight courier for next day delivery one (1) business day after delivery to such courier; (b) by United States mail (registered or certified), two (2) business days after such communication is deposited in the mails; or (c) in person, when written acknowledgment of receipt thereof is given. Except as otherwise specifically required herein, notice of the exercise of any right or option granted to State Farm by this Agreement is not required to be given.

(a) If to State Farm:

State Farm Life Insurance Company
One State Farm Plaza
Bloomington, Illinois 61710
Attn: Investment Department E-7

Mortgage and Real Estate Division
Loan No. 14584

and

McCarter & English, LLP
Four Gateway Center
100 Mulberry Street
Newark, New Jersey 07102
Attn: Jeffrey Petit, Esq.

(b) If to Borrower:

Tradeport Development VI, LLC
c/o Griffin Industrial Realty, Inc.
641 Lexington Avenue, 26th Floor
New York, New York 10022

Attn: Michael S. Gamzon

and

Griffin Industrial Realty, Inc.
204 West Newberry Road
Bloomfield, Connecticut 06002
Attn: Anthony J. Galici
and

Murtha Cullina LLP
CityPlace I, 185 Asylum Street
Hartford, Connecticut 06103-3469
Attn: Thomas M. Daniells

(c) If to Escrow Agent:

CBRE Capital Markets, Inc.
929 Gessner, Suite 1700
Houston, TX 77024
Attn: Sr. Managing Director

State Farm's failure to give a copy of any notice to Borrower's attorney or Escrow Agent's attorney shall not invalidate any notice given to Borrower or Escrow Agent hereunder.

19. **Termination.** This Agreement shall terminate upon repayment in full of the Secured Indebtedness or upon full disbursement of the Collateral in the Cash Collateral Account as above provided. Upon the occurrence of an Event of Default by Borrower under this Agreement, the Note, the Mortgage, the Loan Agreement or any other Loan Documents and if State Farm requires application of the remaining Collateral in the Cash Collateral Account to reduce the Secured Indebtedness, this Agreement shall terminate upon such application. If, upon payment in full by Borrower of the Secured Indebtedness, any Collateral remains in the Cash Collateral Account, such Collateral shall be returned to Borrower.

20. **No Modifications.** This Agreement may not be modified or amended without the prior written consent of State Farm and Borrower. The consent of the Escrow Agent shall also be required for any modifications or amendments pertaining to the Escrow Agent and its obligations under this Agreement.

21. **General.** The captions used in this Agreement are for reference only and are not to be construed as a part of this Agreement. All the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. The waiver by any party of any breach of any provisions shall not be construed to be the waiver of any succeeding breach or any other provision. This Agreement is being made and delivered in [Connecticut] and shall be construed and enforced in

accordance with the laws of [Connecticut]. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which shall constitute a singular agreement.

22. **Replacement of Escrow Agent.**

(a) The duties of Escrow Agent hereunder may be terminated in either of the following manners:

(i) Upon written notice given by State Farm of cancellation of designation of Escrow Agent to act and serve in said capacity, in which event cancellation shall take effect no earlier than thirty (30) days after notice to Escrow Agent of such cancellation unless such cancellation is for cause, in which event cancellation shall take effect immediately upon delivery of such notice; or

(ii) Upon written notice given by Escrow Agent to State Farm of its desire to so resign; provided, however, that resignation of Escrow Agent shall take effect no earlier than sixty (60) days after the giving of notice of resignation.

(b) Upon termination of the duties of Escrow Agent in either manner set forth in subparagraphs (i) or (ii) of Section (a) above, Escrow Agent shall deliver the Collateral in the Cash Collateral Account to the newly appointed escrow agent designated by the State Farm and shall not have the right to withhold the Collateral in the Cash Collateral Account from said newly appointed escrow agent.

23. **Loan Documents.** This Agreement shall be deemed a Loan Document and in the event Borrower is in breach, default or fails to promptly and timely perform any of the covenants, conditions, representations, warranties or obligations as set forth in this Agreement, the same shall be deemed an Event of Default hereunder and an Event of Default under the Mortgage and other Loan Documents, entitling State Farm to pursue all remedies available for such default.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned have caused these presents to be executed and delivered as of the day and year first above written.

BORROWER:

TRADEPORT DEVELOPMENT VI, LLC

By: River Bend Holdings, LLC, its Sole member

By: Griffin Industrial LLC, its Sole Member

By: _____

Name: Anthony J. Galici

Title: Vice President

STATE FARM:

STATE FARM LIFE INSURANCE COMPANY, an
Illinois corporation

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

ESCROW AGENT:

CBRE CAPITAL MARKETS, INC.
a Texas corporation

By: _____

Name: _____

Title: _____

EXHIBIT A

State Farm Life Insurance Company
One State Farm Plaza
Bloomington, Illinois 61701
Attention: Investment Department E-7
Mortgage and Real Estate Division

Re: State Farm Loan No. _____
State Farm Life Insurance Company ("State Farm")

Dear Sir or Madam:

This letter is to confirm that Tradeport Development VI, LLC and [CBRE] (collectively, the "Parties") have requested that an interest-bearing account be established at _____ **[insert name of bank]** (the "**Bank**") as account number _____ (the "**Cash Collateral Account**").

The Bank is in receipt of a Cash Flow Escrow Agreement dated March __, 2018 among the Parties and State Farm. The Bank acknowledges that the Cash Collateral Account is pledged to State Farm as additional security for a mortgage loan. By this letter the Bank hereby subordinates any right or claim it may now or hereafter have in or to the Cash Collateral Account, whether such claim may arise by right of setoff, banker's lien, counterclaim, security interest or otherwise, including but not limited to any contractual or common law rights, to the rights of State Farm therein, except to the extent that there are monies owed to the Bank in connection with overdrafts, deposited items returned or account service charges arising in the ordinary operation of the Cash Collateral Account.

This subordination shall remain in effect, and the Bank shall not exercise any such subordinated right or claim, until and unless State Farm acknowledges in writing the full and final payment of the obligations secured by the Cash Collateral Account.

The Bank agrees to reflect the security interest of State Farm in the Cash Collateral Account on the Bank's records. A copy of this letter will be made a part of the Cash Collateral Account opening documentation and shall remain on file with the Bank until such time as the Cash Collateral Account is closed.

[INSERT BANK NAME]

By: _____

Title: _____

Date: _____

EXHIBIT "O"
TO
CONSTRUCTION LOAN AGREEMENT

CONSTRUCTION CONTRACTS APPROVED BY STATE FARM

1. Construction Manager Contractor Agreement with ARCO National Construction Company Inc. dated March 14, 2018.
2. Construction Manager Contractor Agreement with Pierce Builders, Inc. dated March 12, 2018.
3. Agreement for Consulting Services with F. A. Hesketh & Associates, Inc. dated March 6, 2018.

I, Michael S. Gamzon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Griffin Industrial Realty, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 10, 2018

/s/ MICHAEL S. GAMZON

Michael S. Gamzon

President and Chief Executive Officer

I, Anthony J. Galici, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Griffin Industrial Realty, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 10, 2018

/s/ ANTHONY J. GALICI

Anthony J. Galici

Vice President, Chief Financial Officer and Secretary

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 UNITED STATES CODE SECTION 1350**

In connection with the Quarterly Report of Griffin Industrial Realty, Inc. (the “Company”) on Form 10-Q for the quarter ended May 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Periodic Report”), I, Michael S. Gamzon, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Periodic Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL S. GAMZON
Michael S. Gamzon
President and Chief Executive Officer
July 10, 2018

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 UNITED STATES CODE SECTION 1350**

In connection with the Quarterly Report of Griffin Industrial Realty, Inc. (the “Company”) on Form 10-Q for the quarter ended May 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Periodic Report”), I, Anthony J. Galici, Vice President, Chief Financial Officer and Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Periodic Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

_____/s/ ANTHONY J. GALICI

Anthony J. Galici
Vice President, Chief Financial Officer and Secretary
July 10, 2018