
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

(Mark One)

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

For the quarterly period ended April 30, 2022
OR

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

Commission File Number 000-51315

CITI TRENDS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

52-2150697

(I.R.S. Employer
Identification No.)

104 Coleman Boulevard

Savannah, Georgia

(Address of principal executive offices)

31408

(Zip Code)

Registrant's telephone number, including area code **(912) 236-1561**

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value	CTRN	NASDAQ Stock Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer

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

As of May 20, 2022, the registrant had 8,395,402 outstanding shares of common stock, \$0.01 par value per share.

CITI TRENDS, INC.
FORM 10-Q
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Citi Trends, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(in thousands, except share data)

	April 30, 2022	January 29, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 61,657	\$ 49,788
Inventory	129,715	123,835
Prepaid and other current assets	16,354	14,997
Income tax receivable	—	3,987
Total current assets	<u>207,726</u>	<u>192,607</u>
Property and equipment, net of accumulated depreciation of \$268,982 and \$283,445 as of April 30, 2022 and January 29, 2022, respectively	68,213	75,282
Operating lease right of use assets	241,686	201,827
Deferred income taxes	4,316	2,992
Other assets	1,287	1,317
Total assets	<u>\$ 523,228</u>	<u>\$ 474,025</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 87,857	\$ 98,879
Operating lease liabilities	46,910	47,803
Accrued expenses	22,439	14,532
Accrued compensation	11,175	25,896
Income tax payable	6,713	—
Layaway deposits	944	364
Total current liabilities	<u>176,038</u>	<u>187,474</u>
Noncurrent operating lease liabilities	203,856	168,304
Other long-term liabilities	2,155	2,104
Total liabilities	<u>382,049</u>	<u>357,882</u>
Stockholders' equity:		
Common stock, \$0.01 par value. Authorized 32,000,000 shares; 16,159,393 shares issued as of April 30, 2022 and 16,090,365 shares issued as of January 29, 2022; 8,515,802 shares outstanding as of April 30, 2022 and 8,617,210 shares outstanding as of January 29, 2022	159	159
Paid in capital	101,187	101,037
Retained earnings	302,361	272,158
Treasury stock, at cost; 7,643,591 shares held as of April 30, 2022 and 7,473,155 shares held as of January 29, 2022	<u>(262,528)</u>	<u>(257,211)</u>
Total stockholders' equity	<u>141,179</u>	<u>116,143</u>
Commitments and contingencies (Note 7)		
Total liabilities and stockholders' equity	<u>\$ 523,228</u>	<u>\$ 474,025</u>

See accompanying notes to the condensed consolidated financial statements (unaudited).

Citi Trends, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(in thousands, except per share amounts)

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Net sales	\$ 208,215	\$ 285,381
Cost of sales (exclusive of depreciation)	(127,011)	(163,791)
Selling, general and administrative expenses	(71,026)	(77,892)
Depreciation	(5,445)	(4,697)
Gain on sale-leaseback	34,920	—
Income from operations	39,653	39,001
Interest income	—	4
Interest expense	(76)	(47)
Income before income taxes	39,577	38,958
Income tax provision	(9,374)	(8,061)
Net income	<u>\$ 30,203</u>	<u>\$ 30,897</u>
Basic net income per common share	<u>\$ 3.59</u>	<u>\$ 3.27</u>
Diluted net income per common share	<u>\$ 3.59</u>	<u>\$ 3.23</u>
Weighted average number of shares outstanding		
Basic	<u>8,407</u>	<u>9,450</u>
Diluted	<u>8,407</u>	<u>9,571</u>

See accompanying notes to the condensed consolidated financial statements (unaudited).

Citi Trends, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Operating activities:		
Net income	\$ 30,203	\$ 30,897
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,445	4,697
Non-cash operating lease costs	12,468	12,210
Loss on disposal of property and equipment	—	53
Deferred income taxes	(1,324)	1,054
Insurance proceeds related to operating activities	794	451
Non-cash stock-based compensation expense	2,277	1,087
Gain on sale-leaseback	(34,920)	—
Changes in assets and liabilities:		
Inventory	(6,493)	1,653
Prepaid and other current assets	(1,539)	(1,932)
Other assets	30	(402)
Accounts payable	(11,266)	24,530
Accrued expenses and other long-term liabilities	(11,113)	(8,598)
Accrued compensation	(14,721)	(11,248)
Income tax payable	10,700	6,980
Layaway deposits	580	307
Net cash (used in) provided by operating activities	<u>(18,879)</u>	<u>61,739</u>
Investing activities:		
Purchases of property and equipment	(8,012)	(5,936)
Insurance proceeds related to investing activities	691	191
Proceeds from sale-leaseback	45,513	—
Net cash provided by (used in) investing activities	<u>38,192</u>	<u>(5,745)</u>
Financing activities:		
Payments of debt issuance costs	—	(270)
Cash used to settle withholding taxes on the vesting of nonvested restricted stock	(2,127)	(2,155)
Repurchases of common stock	(5,317)	(45,470)
Net cash used in financing activities	<u>(7,444)</u>	<u>(47,895)</u>
Net increase in cash and cash equivalents	11,869	8,099
Cash and cash equivalents:		
Beginning of period	49,788	123,177
End of period	<u>\$ 61,657</u>	<u>\$ 131,276</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 39	\$ 32
Cash (refunds) payments of income taxes	\$ (2)	\$ 27
Supplemental disclosures of non-cash investing activities:		
Accrual for purchases of property and equipment	<u>\$ 1,647</u>	<u>\$ 1,023</u>

See accompanying notes to the condensed consolidated financial statements (unaudited).

Citi Trends, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(in thousands, except share amounts)

	<u>Common Stock</u>		<u>Paid in Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>		<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			<u>Shares</u>	<u>Amount</u>	
Balances — January 29, 2022	16,090,365	\$ 159	\$ 101,037	\$ 272,158	7,473,155	\$ (257,211)	\$ 116,143
Vesting of nonvested shares	—	1	—	—	—	—	1
Issuance of nonvested shares	109,157	—	—	—	—	—	—
Issuance of common stock under incentive plan, net of shares withheld for taxes	15,977	—	—	—	—	—	—
Forfeiture of nonvested shares	(15,761)	—	—	—	—	—	—
Stock-based compensation expense	—	—	2,277	—	—	—	2,277
Net share settlement of nonvested shares	(40,345)	(1)	(2,127)	—	—	—	(2,128)
Repurchase of common stock	—	—	—	—	170,436	(5,317)	(5,317)
Net income	—	—	—	30,203	—	—	30,203
Balances — April 30, 2022	<u>16,159,393</u>	<u>\$ 159</u>	<u>\$ 101,187</u>	<u>\$ 302,361</u>	<u>7,643,591</u>	<u>\$ (262,528)</u>	<u>\$ 141,179</u>

	<u>Common Stock</u>		<u>Paid in Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>		<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			<u>Shares</u>	<u>Amount</u>	
Balances — January 30, 2021	15,981,394	\$ 158	\$ 95,484	\$ 209,918	6,104,493	\$ (141,926)	\$ 163,634
Issuance of nonvested shares under incentive plan	17,278	—	—	—	—	—	—
Forfeiture of nonvested shares	(3,005)	—	—	—	—	—	—
Stock-based compensation expense	—	—	1,087	—	—	—	1,087
Net share settlement of nonvested shares	(22,666)	—	(2,155)	—	—	—	(2,155)
Repurchase of common stock	—	—	—	—	537,496	(45,470)	(45,470)
Net income	—	—	—	30,897	—	—	30,897
Balances — May 1, 2021	<u>15,973,001</u>	<u>\$ 158</u>	<u>\$ 94,416</u>	<u>\$ 240,815</u>	<u>6,641,989</u>	<u>\$ (187,396)</u>	<u>\$ 147,993</u>

See accompanying notes to the condensed consolidated financial statements (unaudited).

Citi Trends, Inc.

Notes to the Condensed Consolidated Financial Statements (unaudited)

April 30, 2022

1. Significant Accounting Policies

Basis of Presentation

Citi Trends, Inc. and its subsidiary (the “Company”) is a growing specialty value retailer of apparel, accessories and home trends for way less spend primarily for African American and Latinx families. As of April 30, 2022, the Company operated 614 stores in urban, suburban and rural markets in 33 states.

The condensed consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim reporting and are unaudited. In the opinion of management, the condensed consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. The condensed consolidated balance sheet as of January 29, 2022 is derived from the audited financial statements in the Company’s Annual Report on Form 10-K for the fiscal year ended January 29, 2022 (the “2021 Form 10-K”). These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the 2021 Form 10-K. Operating results for the first quarter of 2022 are not necessarily indicative of the results that may be expected for the fiscal year as a result of the seasonality of the business, the current economic uncertainty and the extent to which future business will be impacted by the COVID-19 pandemic.

Fiscal Year

The following contains references to fiscal years 2022 and 2021, which represent fiscal years ending or ended on January 28, 2023 and January 29, 2022, respectively. Fiscal 2022 and 2021 both have 52-week accounting periods.

2. COVID-19 Pandemic

The COVID-19 pandemic continues to evolve and has caused significant volatility and disruptions in our business, particularly during fiscal 2021 and 2020. Despite the recent improvement in trends, we cannot reasonably predict the extent to which our future business will be impacted by the pandemic.

3. Cash and Cash Equivalents/Concentration of Credit Risk

For purposes of the condensed consolidated balance sheets and condensed consolidated statements of cash flows, the Company considers all highly liquid investments with maturities at date of purchase of three months or less to be cash equivalents. Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash and cash equivalents. The Company places its cash and cash equivalents in what it believes to be high credit quality banks and institutional money market funds. The Company maintains cash accounts that exceed federally insured limits.

4. Earnings per Share

Basic earnings per common share amounts are calculated using the weighted average number of common shares outstanding for the period. Diluted earnings per common share amounts are calculated using the weighted average number of common shares outstanding plus the additional dilution for all potentially dilutive securities, such as nonvested restricted stock. During loss periods, diluted loss per share amounts are based on the weighted average number of common shares outstanding, because the inclusion of common stock equivalents would be antidilutive.

The dilutive effect of stock-based compensation arrangements is accounted for using the treasury stock method. The Company includes as assumed proceeds the amount of compensation cost attributed to future services and not yet recognized. For the first quarter of 2022 and 2021, there were 222,000 and 38,000 shares of nonvested restricted stock, respectively, excluded from the calculation of diluted earnings per share because of antidilution.

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The following table provides a reconciliation of the weighted average number of common shares outstanding used to calculate basic earnings per share to the number of common shares and common stock equivalents outstanding used in calculating diluted earnings per share:

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Weighted average number of common shares outstanding	8,407,284	9,449,792
Incremental shares from assumed vesting of nonvested restricted stock	—	121,044
Weighted average number of common shares and common stock equivalents outstanding	8,407,284	9,570,836

5. Revolving Credit Facility

In October 2011, the Company entered into a five-year, \$50 million credit facility with Bank of America. The facility was amended in August 2015 and May 2020 to extend the maturity dates. The facility was further amended on April 15, 2021 to modify terms and extend the maturity date to April 15, 2026. The amended facility provides a \$75 million credit commitment and a \$25 million uncommitted “accordion” feature that under certain circumstances could allow the Company to increase the size of the facility to \$100 million. The facility is secured by the Company’s inventory, accounts receivable and related assets, but not its real estate, fixtures and equipment, and it contains one financial covenant, a fixed charge coverage ratio, which is applicable and tested only in certain circumstances. The facility has an unused commitment fee of 0.20% and permits the payment of cash dividends subject to certain limitations. Borrowings under the credit facility bear interest (a) for Eurodollar Loans, at a rate equal to the Eurodollar Rate plus either 1.25%, 1.50% or 1.75%, or (b) for Base Rate Loans, at a rate equal to the highest of (i) the prime rate, (ii) the Federal Funds Rate plus 0.5% or (iii) the Eurodollar Rate plus 1.0%, plus, in each case either 0.25%, 0.50% or 0.75%, based in any such case on the average daily availability for borrowings under the facility.

As of April 30, 2022, the Company had no borrowings under the credit facility and \$0.6 million of letters of credit outstanding.

6. Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. If there is a change in tax rates, the Company would recognize the impact of such change in income in the period that includes the enactment date.

For the first quarter of 2022 and 2021, the Company utilized the annual effective tax rate method to calculate income taxes. The effective income tax rate was 23.7% for the first quarter of 2022, compared to 20.7% for the first quarter of 2021. The difference in the tax rate was due to a favorable tax impact of restricted stock vestings in the prior year.

7. Commitments and Contingencies

The Company from time to time is involved in various legal proceedings incidental to the conduct of its business, including claims by customers, landlords, employees or former employees. Once it becomes probable that the Company will incur costs in connection with a legal proceeding and such costs can be reasonably estimated, the Company establishes appropriate reserves. While legal proceedings are subject to uncertainties and the outcome of any such matter is not predictable, the Company is not aware of any legal proceedings pending or threatened against it that it expects to have a material adverse effect on its financial condition, results of operations or liquidity.

8. Stock Repurchases

Repurchases of Common Stock

The Company periodically repurchases shares of its common stock under board-authorized repurchase programs. Such repurchases may be made in the open market, through block trades or through other negotiated transactions. Share repurchases were as follows (in thousands, except per share data):

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Total number of shares purchased	170	537
Average price paid per share (including commissions)	\$ 31.20	\$ 84.60
Total investment	\$ 5,317	\$ 45,470

On March 15, 2022, the Company announced that its board of directors approved an additional \$30 million stock repurchase program. At April 30, 2022, \$54.7 million remained available under the Company's stock repurchase authorization.

9. Revenue

Revenue Recognition

The Company's primary source of revenue is derived from the sale of clothing and accessories to its customers with the Company's performance obligations satisfied immediately when the customer pays for their purchase and receives the merchandise. Sales taxes collected by the Company from customers are excluded from revenue. Revenue from layaway sales is recognized at the point in time when the merchandise is paid for and control of the goods is transferred to the customer, thereby satisfying the Company's performance obligation. The Company defers revenue from the sale of gift cards and recognizes the associated revenue upon the redemption of the cards by customers to purchase merchandise.

Sales Returns

The Company allows customers to return merchandise for up to 30 days after the date of sale. Expected refunds to customers are recorded based on estimated margin using historical return information.

Disaggregation of Revenue

The Company's retail operations represent a single operating segment based on the way the Company manages its business. Operating decisions and resource allocation decisions are made at the Company level in order to maintain a consistent retail store presentation. The Company's retail stores sell similar products, use similar processes to sell those products, and sell their products to similar classes of customers.

In the following table, the Company's revenue from contracts with customers is disaggregated by "CITI" or major merchandise category. The percentage of net sales for each CITI with the merchandise assortment was approximately:

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Ladies	28 %	29 %
Kids	21 %	20 %
Accessories & Beauty	18 %	17 %
Mens	16 %	18 %
Home & Lifestyle	9 %	8 %
Footwear	8 %	8 %

10. Leases

The Company leases its retail store locations and certain office space and equipment. Leases for store locations are typically for a term of five years with options to extend for one or more five-year periods. The Company analyzes all leases at inception to determine if a right-of-use asset and lease liability should be recognized. Leases with an initial term of 12 months or less and leases with mutual termination clauses are not included on the condensed consolidated balance sheets. The lease liability is measured at the present value of future lease payments as of the lease commencement date.

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In April 2022, the Company completed a sale-leaseback of its distribution center in Darlington, South Carolina for net proceeds of approximately \$45.5 million. The total annual rent for this property starts at approximately \$3.2 million with increases of 2% annually over the 20-year lease term. The net proceeds included \$5.6 million of advance funding for a capital improvement project that will be amortized over the 20-year lease term. The lease contains the option to extend for six additional periods of five years each. The transaction met the requirements for sale-leaseback accounting, resulting in a gain of approximately \$34.9 million on the condensed consolidated statements of operations. The related land and property were removed from property and equipment, and an operating lease right-of-use asset and lease liability of \$42.6 million and \$37.0 million, respectively, were recorded in the condensed consolidated balance sheets.

Total lease cost is comprised of operating lease costs, short-term lease costs, and variable lease costs, which include rent paid as a percentage of sales, common area maintenance, real estate taxes and insurance for the Company's real estate leases. Lease costs consisted of the following (in thousands):

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Operating lease cost	\$ 13,861	\$ 12,953
Variable lease cost	2,333	2,981
Short term lease cost	346	316
Total lease cost	<u>\$ 16,540</u>	<u>\$ 16,250</u>

Future minimum lease payments as of April 30, 2022 are as follows (in thousands):

Fiscal Year	Lease Costs
Remainder of 2022	\$ 41,190
2023	56,306
2024	48,025
2025	37,547
2026	27,194
Thereafter	100,676
Total future minimum lease payments	<u>310,938</u>
Less: imputed interest	(60,172) ⁽¹⁾
Total present value of lease liabilities	<u>\$ 250,766</u> ⁽²⁾

(1) Calculated using the discount rate for each lease.

(2) Includes short-term and long-term portions of operating lease liabilities.

Certain operating leases provide for fixed monthly rents, while others provide for contingent rents computed as a percentage of net sales and others provide for a combination of both fixed monthly rents and contingent rents computed as a percentage of net sales.

Supplemental cash flows and other information related to operating leases are as follows (in thousands, except for weighted average amounts):

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Cash paid for operating leases	\$ 14,557	\$ 13,919
Right of use assets obtained in exchange for new operating lease liabilities	\$ 52,327	\$ 17,529
Weighted average remaining lease term (years) - operating leases	7.37	5.17
Weighted average discount rate - operating leases	3.71%	3.07%

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

Forward-Looking Statements

Except for specific historical information, many of the matters discussed in this Form 10-Q may express or imply projections of revenues or expenditures, statements of plans and objectives for future operations, growth or initiatives, statements of future economic performance, capital allocation expectations or statements regarding the outcome or impact of pending or threatened litigation. These, and similar statements, are forward-looking statements concerning matters that involve risks, uncertainties and other factors that may cause the actual performance of the Company to differ materially from those expressed or implied by these statements. All forward-looking information should be evaluated in the context of these risks, uncertainties and other factors. The words "believe," "anticipate," "project," "plan," "expect," "estimate," "objective," "forecast," "goal," "intend," "could," "will likely result," or "will continue" and similar words and expressions generally identify forward-looking statements, although not all forward-looking statements contain such language. The Company believes the assumptions underlying these forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in the forward-looking statements.

The factors that may result in actual results differing from such forward-looking information include, but are not limited to: uncertainties relating to general economic conditions, including any deterioration whether caused by acts of war, terrorism, political or social unrest (including any resulting store closures, damage or loss of inventory); the ongoing COVID-19 pandemic and associated containment and remediation efforts; the potential negative impacts of COVID-19 on the global economy and foreign sourcing; the impacts of COVID-19 on the Company's financial condition, business operation and liquidity, including the re-closure of any or all of the Company's retail stores and distribution centers, growth risks, consumer spending patterns; competition within the industry; competition in our markets; the ability to anticipate and respond to fashion trends; the duration and extent of any economic stimulus programs; transportation and distribution delays or interruptions; changes in freight rates; the Company's ability to attract and retain workers; changes in market interest rates and market levels of wages; the Company's ability to negotiate effectively the cost and purchase of merchandise; inventory risks due to shifts in market demand; the Company's ability to gauge fashion trends and changing consumer preferences; changes in consumer confidence and consumer spending on apparel; changes in product mix; interruptions in suppliers' businesses; the results of pending or threatened litigation; temporary changes in demand due to weather patterns; seasonality of the Company's business; delays associated with building, opening, remodeling and operating new stores; delays associated with building, opening or expanding new or existing distribution centers; and other factors described in the section titled "Item 1A. Risk Factors" and elsewhere in the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2022 and in Part II, "Item 1A. Risk Factors" and elsewhere in the Company's Quarterly Reports on Form 10-Q and any amendments thereto and in the other documents the Company files with the SEC, including reports on Form 8-K.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Form 10-Q. Except as may be required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Form 10-Q or to reflect the occurrence of unanticipated events. Readers are advised, however, to read any further disclosures the Company may make on related subjects in its public disclosures or documents filed with the SEC, including reports on Form 8-K.

Executive Overview

We are a growing specialty value retailer of apparel, accessories and home trends for way less spend primarily for African American and Latinx families. Our high-quality and trend-right merchandise offerings at everyday low prices are designed to appeal to the fashion and trend preferences of value-conscious customers. As of April 30, 2022, we operated 614 stores in urban, suburban and rural markets in 33 states.

Uncertainties and Challenges

COVID-19

The COVID-19 pandemic continues to evolve and has caused significant volatility and disruptions in our business, particularly during fiscal 2021 and 2020. We remain focused on providing a safe store environment for our customers and associates while delivering an engaging shopping experience. We also prioritize the wellness and safety of our associates in our corporate offices and distribution centers. The communities we serve were severely impacted by the omicron variant at the end of fiscal 2021. Despite the recent improvement in trends, we cannot reasonably predict the extent to which our future business will be impacted by the pandemic.

Inflation

Our operations have been impacted by the recent surge in prices for food, fuel and energy due to inflationary pressures, which are particularly impactful to the communities we serve. We expect inflationary pressures will persist in the near term. In addition, we are closely monitoring the impacts of higher unemployment, wage inflation and costs to source our merchandise.

Supply Chain Disruptions

We have encountered increasing supply chain disruptions that began in the second half of fiscal 2021 and have continued through the date of this Report. In particular, our vendors have faced production delays, and we have been impacted by industry-wide U.S. port and ground transportation delays. In response, we have taken various actions, including ordering merchandise earlier, leveraging our packaway merchandise stock and expanding the direct shipping program from our vendors to our stores that we initiated in fiscal 2020. These supply chain disruptions have resulted in increased costs, and we expect supply chain pressures will persist in the near term.

Seasonality and Weather Patterns

The nature of our business is seasonal. Historically, sales in the first and fourth quarters have been higher than sales achieved in the second and third quarters of the fiscal year. In addition, sales of clothing are directly impacted by the timing of the seasons to which the clothing relates. While we have greatly expanded our product offerings to become a one-stop-shop, traffic to our stores is still influenced by weather patterns to some extent.

Basis of Presentation

Net sales consist of store sales and layaway fees, net of returns by customers. Cost of sales consists of the cost of products we sell and associated freight costs. Depreciation is not considered a component of cost of sales and is included as a separate line item in the consolidated statements of operations. Selling, general and administrative expenses are comprised of store costs, including payroll and occupancy costs, corporate and distribution center costs and advertising costs.

The following discussion contains references to fiscal years 2022 and 2021, which represent fiscal years ending or ended on January 28, 2023 and January 29, 2022, respectively. Fiscal 2022 and fiscal 2021 both have 52-week accounting periods. This discussion and analysis should be read with the unaudited condensed consolidated financial statements and the notes thereto contained in Part 1, Item 1 of this report.

Results of Operations

The following discussion of the Company's financial performance is based on the unaudited condensed consolidated financial statements set forth herein. Expenses and, to a greater extent, operating income, vary by quarter. Results of a period shorter than a full year may not be indicative of results expected for the entire year as a result of the seasonality of the business, the current economic uncertainty and the extent to which future business will be impacted by the COVID-19 pandemic.

Key Operating Statistics

We measure performance using key operating statistics. One of the main performance measures we use is comparable store sales growth. We define a comparable store as a store that has been opened for an entire fiscal year. Therefore, a store will not be considered a comparable store until its 13th month of operation at the earliest or until its 24th month at the latest. As an example, stores opened in fiscal 2021 and fiscal 2022 are not considered comparable stores in fiscal 2022. Relocated and expanded stores are included in the comparable store sales results. Stores that are closed permanently or for an extended period are excluded from the comparable store sales results. We also use other operating statistics, most notably average sales per store, to measure our performance. As we typically occupy existing space in established shopping centers rather than sites built specifically for our stores, store square footage (and therefore sales per square foot) varies by store. We focus on overall store sales volume as the critical driver of profitability. In addition to sales, we measure cost of sales as a percentage of sales and store operating expenses, with a particular focus on labor, as a percentage of sales. These results translate into store level contribution, which we use to evaluate overall performance of each individual store. Finally, we monitor corporate expenses against budgeted amounts.

Thirteen Weeks Ended April 30, 2022 and May 1, 2021

Net Sales. Net sales decreased \$77.2 million, or 27.0%, to \$208.2 million in the first quarter of 2022 from \$285.4 million in the first quarter of 2021. The decrease in sales was due to a 29.2% decrease in comparable store sales, partially offset by a \$5.6 million increase from net store opening and closing activity. The decrease in comparable store sales was due to outsized sales in the first quarter of last year driven by government stimulus payments, combined with inflationary pressures in the first quarter of this year that are particularly impactful to our core customers.

Cost of sales (exclusive of depreciation). Cost of sales (exclusive of depreciation) decreased \$36.8 million, or 22.5%, to \$127.0 million in the first quarter of 2022 from \$163.8 million in the first quarter of 2021. Cost of sales as a percentage of sales increased to 61.0% in the first quarter of 2022 from 57.4% in the first quarter of 2021, due primarily to an increase in markdowns, as unusually low markdowns were taken in the first quarter of last year due to the outsized stimulus-driven demand. Compared to the first quarter of 2021, cost of sales increased 360 basis points, due to a decrease of 280 basis points in the core merchandise margin (initial mark-up, net of markdowns) and increases of 50 basis points and 30 basis points in freight costs and shrink expense, respectively, driven by the deleveraging effect of lower sales.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased \$6.9 million, or 8.8%, to \$71.0 million in the first quarter of 2022 from \$77.9 million in the first quarter of 2021. The decrease was due primarily to \$5.9 million decrease in incentive based compensation as a result of unfavorable operating results in relation to budget this year (compared to overperformance in the first quarter last year) as well as increased costs last year related to the recognition of cash-settled stock awards based on the stock price. Also contributing to the lower expense were decreases in certain variable costs such as credit card processing fees and store supplies, partially offset by growth-related increases in costs for opening and operating more stores. As a percentage of sales, selling, general and administrative expenses increased to 34.1% in the first quarter of 2022 from 27.3% in the first quarter of 2021.

Depreciation. Depreciation expense increased \$0.7 million, or 15.9%, to \$5.4 million in the first quarter of 2022 from \$4.7 million in the first quarter of 2021.

Gain on sale-leaseback. In the first quarter of 2022, we completed a sale-leaseback transaction for our distribution center in Darlington, South Carolina that resulted in a \$34.9 million gain.

Income Tax Expense. Income tax expense was \$9.4 million in the first quarter of 2022 compared to \$8.1 million in the first quarter of 2021. Our effective tax rate for the first quarter of this year was 23.7% compared to 20.7% in the first quarter of last year, with the difference attributable to a favorable tax impact of restricted stock vestings in the prior year.

Net Income. Net income was \$30.2 million in the first quarter of 2022 compared to \$30.9 million in the first quarter of 2021 due to the factors discussed above.

Liquidity and Capital Resources

Capital Allocation

Our capital allocation strategy is to prioritize investments in opportunities to profitably grow our business and maintain current operations, then to return excess cash to shareholders through our repurchase programs. Our quarter-end cash and cash equivalents balance was \$61.7 million compared to \$131.3 million at the end of the first quarter last year. Until required for other purposes, we maintain cash and cash equivalents in deposit or money market accounts.

Our principal sources of liquidity consist of: (i) cash and cash equivalents on hand; (ii) short-term trade credit arising from customary payment terms and trade practices with our vendors; (iii) cash generated from operations on an ongoing basis; and (iv) a revolving credit facility with a \$75.0 million credit commitment.

In addition, in April 2022, we completed a sale-leaseback transaction of our distribution center in Darlington, South Carolina, for net proceeds of \$45.5 million.

Inventory

Our quarter-end inventory balance was \$129.7 million, compared with \$101.8 million at the end of the first quarter last year. The increase was primarily due to depleted inventory levels at the end of the first quarter last year driven by outsized sales,

combined with opportunistic purchases of packaway inventory at the end of fiscal 2021 and during the first quarter of this year.

Capital Expenditures

Capital expenditures in the first quarter of 2022 were \$8.0 million, an increase of \$2.1 million over the first quarter of 2021 as we invested in our strategic initiatives, including opening five new stores, remodeling 20 stores and continuing our investments in system upgrades and distribution center enhancements. We anticipate capital expenditures in fiscal 2022 of approximately \$32 million, primarily for opening approximately 20 new stores and remodeling approximately 50 stores, combined with ongoing investments in our systems and distribution centers.

Share Repurchases

During the first quarters of 2022 and 2021, we returned \$5.3 million and \$45.5 million, respectively, to shareholders through share repurchases. See Part II of this Report and Note 8 to the Financial Statements for more information.

Revolving Credit Facility

We have a revolving credit facility that matures in April 2026 and provides a \$75 million credit commitment and a \$25 million uncommitted "accordion" feature. Additional details of the credit facility are in Note 5 to the Financial Statements. At the end of the first quarter of 2022, we had no borrowings under the credit facility and \$0.6 million in letters of credit outstanding.

Cash Flows

Cash Flows From Operating Activities. Net cash used in operating activities was \$18.9 million in the first quarter of 2022 compared to cash provided of \$61.7 million in the first quarter of 2021. Sources of cash in the first quarter of 2022 included net income (adjusted for insurance proceeds, non-cash expenses and gain on sale-leaseback) totaling \$14.9 million (compared to \$50.4 million in the first quarter of 2021) and an increase of \$10.7 million in income tax payable (compared to a \$7.0 increase in the first quarter of 2021).

Significant uses of cash during the first quarter of 2022 included (1) a \$14.7 million decrease in accrued compensation (compared to an \$11.2 million decrease in the first quarter of 2021) due to payment of incentive compensation accrued in the preceding fiscal year; (2) an \$11.3 million decrease in accounts payable (compared to a \$24.5 million increase in the first quarter of 2021); (3) an \$11.1 million decrease in accrued expenses and other long-term liabilities (compared with an \$8.6 million decrease in the first quarter of 2021) due primarily to payments of operating lease liabilities; and (4) a \$6.5 million increase in inventory (compared to a \$1.7 million decrease in the first quarter of 2021).

Cash Flows From Investing Activities. Cash provided by investing activities was \$38.2 million in the first quarter of 2022 compared to cash used of \$5.7 million in the first quarter of 2021. Cash provided in the first quarter of 2022 consisted of \$45.5 million net proceeds from the sale of a building in the sale-leaseback transaction, partially offset by \$8.0 million of purchases of property and equipment. Cash used in the first quarter of 2021 consisted primarily of purchases of property and equipment.

Cash Flows From Financing Activities. Cash used in financing activities was \$7.4 million in the first quarter of 2022 compared to \$47.9 million in the first quarter of 2021. Cash used in the first quarter of this year consisted of \$5.3 million for share repurchases (compared to \$45.5 million in the first quarter of last year) and \$2.1 million to settle withholding taxes on the vesting of restricted stock (compared to \$2.2 million in the first quarter of last year).

Cash Requirements and Commitments

Our principal cash requirements consist of (1) inventory purchases; (2) capital expenditures to invest in our infrastructure; and (3) operational needs, including salaries, occupancy costs, taxes and other operating costs. We may also use cash to fund any share repurchases, make any required debt payments and satisfy other contractual obligations. Historically, we have met these cash requirements using cash flow from operations and short-term trade credit. As of April 30, 2022, our contractual commitments for operating leases totaled \$310.9 million (with \$41.2 million due within 12 months). See Note 10 to the Financial Statements for more information regarding lease commitments.

Critical Accounting Policies

The preparation of our condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported

amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

There have been no material changes to the Critical Accounting Policies outlined in the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2022.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in our market risk during the thirteen weeks ended April 30, 2022 compared to the disclosures in Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended January 29, 2022.

Item 4. Controls and Procedures.

We have carried out an evaluation under the supervision and with the participation of management, including the principal executive officer and the principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of April 30, 2022 pursuant to Rules 13a-15 and 15d-15 of the Exchange Act. Based on that evaluation, the principal executive officer and the principal financial officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information has been accumulated and communicated to our management, including the officers who certify our financial reports, as appropriate, to allow timely decisions regarding the required disclosures.

Our disclosure controls and procedures are designed to provide reasonable assurance that the controls and procedures will meet their objectives. 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.

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended April 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We are from time to time involved in various legal proceedings incidental to the conduct of our business, including claims by customers, landlords, employees or former employees. Once it becomes probable that we will incur costs in connection with a legal proceeding and such costs can be reasonably estimated, we establish appropriate reserves. While legal proceedings are subject to uncertainties and the outcome of any such matter is not predictable, we are not aware of any legal proceedings pending or threatened against us that we expect to have a material adverse effect on our financial condition, results of operations or liquidity.

Item 1A. Risk Factors.

There have been no material changes to the Risk Factors described under the section "Item 1A. RISK FACTORS" in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022.

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

Information on Share Repurchases

The number of shares of common stock repurchased by the Company during the first quarter of fiscal 2022 and the average price paid per share are as follows:

<u>Period</u>	<u>Total number of shares purchased</u>	<u>Average price paid per share (1)</u>	<u>Total number of shares purchased as part of publicly announced plans or programs (2)</u>	<u>Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs (2)</u>
February (1/30/22 - 2/26/22)	—	\$ —	—	\$ 30,005,235
March (2/27/22 - 4/2/22)	—	\$ —	—	\$ 60,005,235
April (4/3/22 - 4/30/22)	170,436	\$ 31.20	170,436	\$ 54,690,793
Total	<u>170,436</u>		<u>170,436</u>	

- (1) Includes commissions for the shares repurchased under the stock repurchase program.
- (2) On November 30, 2021, the Company announced that its board of directors approved a \$30 million stock repurchase program. On March 15, 2022, the Company announced that its board of directors approved an additional \$30 million stock repurchase program. The programs do not have expiration dates.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

- 3.1 [Third Amended and Restated Certificate of Incorporation \(incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 7, 2018\).](#)
- 10.1 [Form of Restricted Stock Unit Award Agreement for Employees under the Citi Trends, Inc. 2021 Incentive Plan \(Performance Based Vesting – EBIT Target\).](#)*
- 10.2 [Agreement for Purchase and Sale of Real Property, dated March 14, 2022, between Citi Trends, Inc. and CTROOK001 LLC and CTDASC001 LLC.](#)*
- 31.1 [Certification of Principal Executive Officer, Pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934, Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)*
- 31.2 [Certification of Principal Financial Officer, Pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934, Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)*
- 32.1 [Certifications Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)* †
- 101 Inline XBRL Document Set for the condensed consolidated financial statements and accompanying notes in Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.*
- 104 Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.*

* Included herewith.

† Pursuant to Securities and Exchange Commission Release No. 33-8238, this certification will be treated as "accompanying" this Quarterly Report on Form 10-Q and not "filed" as part of such report for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of Section 18 of the Securities Exchange Act of 1934 and this certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the registrant specifically incorporates it by reference.

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, and the undersigned also has signed this report in his capacity as the Registrant's Principal Financial Officer.

CITI TRENDS, INC.

Date: June 9, 2022

By: /s/ Jason B. Moschner
Name: Jason B. Moschner
Title: Vice President of Finance

RESTRICTED STOCK AWARD AGREEMENT

Non-transferable Grant to

("Grantee")

by Citi Trends, Inc. (the "Company") of

_____ shares of its common stock, \$0.01 par value (the "Shares") pursuant to and subject to the provisions of the Citi Trends 2021 Incentive Plan (the "Plan") and to the terms and conditions set forth on the following page (the "Terms and Conditions"). By accepting the Shares, Grantee shall be deemed to have agreed to the terms and conditions set forth in this Agreement and the Plan. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

The Shares will vest (become non-forfeitable) as to the percentages of the Shares and on the respective dates specified in the following schedule, provided that Grantee is employed by the Company on such dates:

Years of Employment after Grant Date	Percent of Shares Vested
[•]	[•]%
[•]	[•]%
[•]	[•]%

IN WITNESS WHEREOF, the Company, acting by and through its duly authorized officers, has caused this Agreement to be duly executed.

Grant Date of Award:

CITI TRENDS, INC.

By: _____

TERMS AND CONDITIONS

1. Restrictions. The Shares are subject to each of the following restrictions. "Restricted Shares" mean those Shares that are subject to the restrictions imposed hereunder which restrictions have not then expired or terminated. Restricted Shares may not be sold, transferred, exchanged, assigned, pledged, hypothecated or otherwise encumbered. If Grantee's employment with the Company or any Subsidiary terminates for any reason, then Grantee shall forfeit all of Grantee's right, title and interest in and to the Restricted Shares as of the date of employment termination, and such Restricted Shares shall revert to the Company immediately following the event of forfeiture. The restrictions imposed under this Section shall apply to all shares of the Company's Stock or other securities issued with respect to Restricted Shares hereunder in connection with any merger, reorganization, consolidation, recapitalization, stock dividend or other change in corporate structure affecting the Stock of the Company.

2. Expiration and Termination of Restrictions. The restrictions imposed under Section 1 will expire on the earliest to occur of the following (the period prior to such expiration being referred to herein as the "Restricted Period"):

(a) as to the percentage of the Shares specified on the cover page hereof, on the respective date specified on the cover page hereof; provided Grantee is then employed by the Company; or

(b) upon Grantee's death or Disability, but only with respect to the number of Shares that would otherwise have vested within the 12 months following the death or Disability based on Grantee's continued employment with the Company; or

(c) upon a Change of Control of the Company.

3. Delivery of Shares. The Shares will be registered in the name of Grantee as of the Grant Date and may be held by the Company during the Restricted Period in certificated or uncertificated form. If a certificate for Restricted Shares is issued during the Restricted Period with respect to such Shares, such certificate shall be registered in the name of Grantee and shall bear a legend in substantially the following form (in addition to any legend required under applicable state securities laws): "This certificate and the shares of stock represented hereby are subject to

the terms and conditions (including forfeiture and restrictions against transfer) contained in a Restricted Stock Agreement between the registered owner of the shares represented hereby and Citi Trends, Inc. Release from such terms and conditions shall be made only in accordance with the provisions of such Agreement, copies of which are on file in the offices of Citi Trends, Inc." Stock certificates for the Shares, without the first above legend, shall be delivered to Grantee or Grantee's designee upon request of Grantee after the expiration of the Restricted Period, but delivery may be postponed for such period as may be required for the Company with reasonable diligence to comply, if deemed advisable by the Company, with registration requirements under the Securities Act of 1933, listing requirements under the rules of any stock exchange, and requirements under any other law or regulation applicable to the issuance or transfer of the Shares.

4. Voting Rights. Grantee, as beneficial owner of the Shares, shall have full voting rights with respect to the Shares during and after the Restricted Period.

5. Dividend Rights. Grantee shall accrue cash and non-cash dividends, if any, paid with respect to the Restricted Shares, but the payment of such dividends shall be deferred and held (without interest) by the Company for the account of Grantee until the expiration of the Restricted Period. During the Restricted Period, such dividends shall be subject to the same vesting restrictions imposed under Section 1 as the Restricted Shares to which they relate. Accrued dividends deferred and held pursuant to the foregoing provision shall be paid by the Company to the Grantee promptly upon the expiration of the Restricted Period (and in any event within 30 days of the date of such expiration).

6. No Right of Continued Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in the employ of the Company.

7. Payment of Taxes.

(a) Upon issuance of the Shares hereunder, Grantee may make an election to be taxed upon such award under Section 83(b) of the Internal Revenue Code. To effect such election, Grantee may file an appropriate election with Internal Revenue Service within thirty (30) days after award of the Shares and otherwise in accordance with applicable Treasury Regulations.

(b) Grantee will, no later than the date as of which any amount related to the Shares first becomes includable in Grantee's gross income for federal income tax purposes, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state and local taxes of any kind required by law to be withheld with respect to such amount, including without limitation the surrender of shares of Stock to the Company. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company will, to the extent permitted by law, have the right to deduct any such taxes from the award or any payment of any kind otherwise due to Grantee. Unless otherwise determined by the Committee, the withholding requirement shall be satisfied by withholding Shares having a Fair Market Value on the date of withholding equal to the amount required to be withheld in accordance with applicable tax requirements.

8. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Agreement and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.

9. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.

10. Severability. If any one or more of the provisions contained in this Agreement is invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

11. Notice. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Citi Trends, Inc., 104 Coleman Blvd. Savannah, GA 31408, Attn: Secretary, or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY

THIS **AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY** (this “**Agreement**”) is made as of March 14, 2022 (the “**Effective Date**”), by and among CTROOK001 LLC and CTDASC001 LLC, each a Delaware limited liability company (individually and/or collectively, as the context may require, “**Buyer**”), and CITI TRENDS, INC., a Delaware corporation (“**Seller**”).

RECITALS

WHEREAS, Seller desires to sell to Buyer and Buyer desires to purchase from Seller, the Property in accordance with and subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE, for and in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Terms and Definitions.

The terms listed below shall have the respective meaning given them as set forth adjacent to each term.

- (a) “**Allocated Purchase Price**” has the meaning ascribed to such term in Section 3(c) hereof.
- (b) “**Anti-Money Laundering and Anti-Terrorism Laws**” has the meaning ascribed to such term in Section 10(1) hereof.
- (c) “**Business Day**” or “**business day**” means any day other than Saturday, Sunday or any federal legal holiday.
- (d) “**Buyer’s Notice Address**” shall be as follows, except as same may be changed pursuant to Section 14 hereof.

c/o Oak Street Real Estate Capital, LLC
30 N. LaSalle Street, Suite 4140
Chicago, Illinois 60602
Attn: Michael Reiter
Email: michael.reiter@blueowl.com

With a copy to:

c/o Oak Street Real Estate Capital, LLC
30 N. LaSalle Street, Suite 4140
Chicago, Illinois 60602
Attn: Heba Elayan
Email: heba.elayan@blueowl.com

With a copy to:

Kirkland & Ellis LLP
300 N. LaSalle Street
Chicago, Illinois 60654
Attn.: David A. Rosenberg
Email: david.rosenberg@kirkland.com

- (e) “**Closing**” shall mean, collectively and/or individually, as the context may require, the Darlington Closing and the Roland Closing.
- (f) “**Closing Date**” shall mean the actual date of each Closing, as provided in Section 9(a) hereof.
- (g) “**Claim Cap**” has the meaning ascribed to such term in Section 8(e) hereof.
- (h) “**Closing Documents**” has the meaning ascribed to such term in Section 17 hereof.
- (i) “**Code**” has the meaning ascribed to such term in Section 10(k) hereof.
- (j) “**Consultant**” means Asset Finance Ltd., LLC.
- (k) “**Darlington Closing**” shall mean the consummation of the transactions contemplated hereby with respect to the Darlington Property.
- (l) “**Darlington Property**” means that certain real property commonly known as 1701 N Governor Williams Highway (Business HWY 52), Darlington, SC 29540, more particularly described on Exhibit A, attached hereto and incorporated herein by this reference together with Seller’s right, title and interest to all easements and appurtenances relating to any of the foregoing (individually or collectively, as the context may require, the “**Darlington Real Property**”), all buildings, facilities and other improvements located thereon (individually or collectively, as the context may require, the “**Darlington Improvements**”), and the Licenses & Approvals related thereto.
- (m) “**Deed**” and “**Deeds**” shall have the meaning ascribed to such terms in Section 9(b)(i) hereof.
- (n) “**Due Diligence Period**” shall mean, subject to extension pursuant to Section 6(b), the period beginning on the Effective Date and extending until 5:00pm (Central Time) on the date that is thirty-five (35) days after the Effective Date.
- (o) “**Earnest Money**” shall mean FIVE MILLION AND NO/100 DOLLARS (\$5,000,000.00) (together with all interest accrued thereon). The Earnest Money shall be held in trust by Escrow Agent in accordance with Schedule 1(o) of this Agreement.
- (p) “**Environmental Laws**” has the meaning ascribed to such term in Section 10(i) hereof.
- (q) “**ERISA**” has the meaning ascribed to such term in Section 10(k) hereof.

- (r) “**Executive Order**” has the meaning ascribed to such term in Section 10(l) hereof.
- (s) “**FIRPTA**” has the meaning ascribed to such term in Section 10(g) hereof.
- (t) “**Hazardous Substances**” shall mean any hazardous or toxic materials, substances or wastes, such as (a) substances defined as “hazardous substances”, “hazardous materials” or “toxic substances” in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, (42 USC Section 9601, et seq.) and/or the Hazardous Materials Transportation Act (49 USC Section 1801, et seq.), as either of such acts are amended from time to time; (b) any materials, substances or wastes which are toxic, ignitable, corrosive or reactive and which are regulated by any local governmental authority, any agency of the states in which the Property is located, or any agency of the United States of America; (c) asbestos, petroleum and petroleum based products, urea formaldehyde foam insulation, polychlorinated biphenyls (PCBs), and freon and other chlorofluorocarbons; and (d) those substances defined as any of the foregoing in the regulations adopted and publications promulgated pursuant to each of the aforesaid laws.
- (u) “**Improvements**” means collectively and/or individually, as the context may require, the Darlington Improvements and the Roland Improvements.
- (v) “**Lease**” and “**Leases**” shall mean, individually or collectively as the context may require, any leases, subleases, licenses or other occupancy agreements affecting the Property or any portion thereof.
- (w) “**Licenses & Approvals**” means all licenses, approvals, and permits issued in any connection with the Property together with all other intangible rights and benefits in connection with or accruing from the Property.
- (x) “**Must Cure Items**” has the meaning ascribed to such term in Section 6(a) hereof.
- (y) “**New Exception**” has the meaning ascribed to such term in Section 6(a) hereof.
- (z) “**New Exception Review Period**” has the meaning ascribed to such term in Section 6(a) hereof.
- (aa) “**New Lease**” shall mean the lease for the Property, to be entered into as of Closing, with Buyer (or its affiliate), as landlord and Tenant, as tenant; the form of which Buyer and Seller shall use commercially reasonable good faith efforts to negotiate prior to the expiration of the Due Diligence period based on the basic business terms set forth on Schedule 1(y), attached hereto. Provided that if the Roland Closing occurs after the Darlington Closing, then the New Lease shall be entered into as of the Darlington Closing with respect to the Darlington Property and upon consummation of the Roland Closing, the Landlord and Tenant will enter into an amendment to the New Lease to add the Roland Property to the Lease.
- (bb) “**Objections**” has the meaning ascribed to such term in Section 6(a) hereof.
- (cc) “**Permitted Exceptions**” has the meaning ascribed to such term in Section 5 hereof.
- (dd) “**Plan**” has the meaning ascribed to such term in Section 10(k) hereof.

(ee) “**Property**” shall mean, individually or collectively as the context may require, the Darlington Property and the Roland Property.

(ff) “**Purchase Price**” shall mean, subject to Section 3(c) hereof and Schedule 3(c) attached hereto, a maximum aggregate amount of SEVENTY-ONE MILLION NINE HUNDRED SIXTY-FIVE THOUSAND FIVE HUNDRED EIGHTY-TWO AND NO/100 DOLLARS (\$71,965,582.00) for the Darlington Property and the Roland Property (each as defined herein), subject to allocation as further described herein.

(gg) “**Real Property**” means collectively and/or individually, as the context may require, the Darlington Real Property and the Roland Real Property.

(hh) “**Roland Approval**” shall mean the approval of the Board of Directors of Citi Trends, Inc. (the “**Board**”) to sell the Roland Property pursuant to this Agreement, as determined in the Board’s sole and absolute discretion, after the Board’s receipt and review of a network study commissioned by Seller. Provided that, in the event the Roland Approval is not received within sixty (60) days of the Effective Date, then this Agreement shall automatically terminate and be of no further effect with respect to the Roland Property (except with respect to those liabilities and obligations that expressly survive termination hereof and Seller shall reimburse Buyer for Buyer’s actual, reasonable third-party out-of-pocket expenses incurred with respect to its negotiation of this Agreement and due diligence with respect to the Roland Property, including but not limited to environmental and engineering consultants’ fees, legal fees and financing deposits (not to exceed Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in the aggregate.

(ii) “**Roland Closing**” shall mean the consummation of the transactions contemplated hereby with respect to the Roland Property.

(jj) “**Roland Property**” shall mean the real property commonly known as 601 Paw Paw Road, Roland, OK 74954, more particularly described on Exhibit A, attached hereto and incorporated herein by this reference together with Seller’s right, title and interest to all easements and appurtenances relating to any of the foregoing (individually or collectively, as the context may require, the “**Roland Real Property**”), all buildings, facilities and other improvements located thereon (individually or collectively, as the context may require, the “**Roland Improvements**”), and the Licenses & Approvals.

(kk) “**Seller’s Notice Address**” shall be as follows, except as same may be changed pursuant to the Section 14 hereof:

Citi Trends, Inc.
104 Coleman Boulevard
Savannah, Georgia 31408-9565
Attn: Legal Department

(ll) “**Survey**” has the meaning ascribed to such term in Section 6(a) hereof.

(mm) “**Survival Period**” has the meaning ascribed to such term in Section 8(e) hereof.

(nn) “**Tenant**” shall mean Citi Trends, Inc., a Delaware corporation.

(oo) “**Title Insurer**” and “**Escrow Agent**” shall mean Chicago Title Insurance Company, 10 South LaSalle Street, Suite 3100, Chicago, Illinois 60603, Attention: Cindy Malone, Telephone: (312) 223-3360, E-mail: cindy.malone@ctt.com.

(pp) “**Title Policy**” has the meaning ascribed to such term in Section 12(c) hereof.

(qq) “**Title Report**” has the meaning ascribed to such term in Section 6(a) hereof.

Section 2. Proration of Expenses and Payment of Costs and Recording Fees.

(a) **Proration of Taxes.** All real estate taxes and assessments that are due and payable on or prior to the Closing Date shall be paid by Seller on or prior to the Closing Date. Tenant shall be responsible for the payment of real estate taxes and assessments that are due and payable after the Closing Date in accordance with the New Lease.

(b) **Proration of Expenses.** Seller and Buyer agree that in connection with entering into the New Lease at Closing, there shall be no proration of utility charges or other expenses, whether accruing or payable prior to or after the Closing Date, and that all such utility charges, rent and other expenses concerning the Property shall be borne by Tenant, as tenant under the New Lease.

(c) **Payment of Costs and Recording Fees.** At Closing, Seller shall pay: (i) one half of any escrow fees charged by the Escrow Agent, (ii) its own legal fees, (iii) fees for valuation services, (iv) consulting fees, (v) title policy premium for a standard owner’s policy in the amount of the Purchase Price, and the cost of any endorsements to the Title Policy in connection with the removal of any Must Cure Items, and (vi) title search and examination fees, recording fees and transfer taxes (all as per local custom for each applicable Property). At Closing, Buyer shall pay: (a) the cost of any loan title insurance policy, (b) one half of any escrow fees charged by the Escrow Agent, (c) its own legal fees, (d) costs attributable to Property Condition Reports, Environmental Reports, ALTA As-built surveys and extended ALTA policies (if desired), (e) title search and examination fees and transfer taxes (all as per local custom for each applicable Property), (f) any loan costs involved in connection with its lender and the lender’s insurance premium and endorsements, if applicable, and (g) recording fees (excluding Seller’s Must Cure Items. All other closing costs incurred in connection with this transaction shall be apportioned in accordance with local custom.

Section 3. Payment of Purchase Price; Earnest Money; Capital Expenditures.

(a) **Purchase Price.** Buyer shall pay the Purchase Price to Seller on the Closing Date in accordance with all the terms and conditions of this Agreement.

(b) **Earnest Money.** The Earnest Money shall be delivered to Title Insurer by Buyer within five (5) business days after the Effective Date. The Earnest Money shall be deposited by Buyer in escrow with Title Insurer, to be applied against the Purchase Price on the Closing Date, or otherwise disbursed as agreed upon in accordance with the terms of this Agreement.

(c) **Purchase Price Allocation.** For purposes of calculating real property transfer taxes and any other matter as may be necessary pursuant to this Agreement, the Purchase Price shall be allocated among the Property as provided in Schedule 3(c) (each, an “**Allocated Purchase Price**”). Seller and Buyer further acknowledge that the Allocated Purchase Prices are not established necessarily for income tax purposes or for financial or accounting purposes.

(d) **Capital Expenditures.** Buyer shall pay Seller at Closing the amount of the Capital Expenditure Amount with respect to the applicable Property and the base rent under the New Lease shall be increased as more particularly described on Schedule 1(y) attached hereto and made a part hereof, unless Seller delivers written notice not later than three (3) Business Days prior to the applicable Closing to Buyer that Seller has elected not to receive the Capital Expenditure Amount at Closing.

Section 4. Sale of Property.

Seller agrees to sell and convey the Property to Buyer (or its permitted assignee) at the Closing upon the terms and conditions set forth in this Agreement. At Closing, Buyer, as landlord, and Tenant shall enter into the New Lease, and Seller and Buyer each acknowledges and agrees that the execution and delivery of the New Lease, and the tenancies created thereby, is a condition to effectiveness of the sale and purchase of the Property, without which Seller and Buyer would be unwilling to consummate the transactions contemplated hereby.

Section 5. Title.

At each Closing, Seller agrees to execute and deliver to Buyer (or its permitted assignee) a Deed, as further described herein, which shall provide good and marketable, insurable title to Buyer, free and clear of all liens and encumbrances, except for (i) the New Lease; (ii) real estate taxes for the current year and subsequent years that are not yet due or payable; (iii) assessments for municipal improvements, if any, for the current year and subsequent years that are not yet due or payable; (iv) zoning ordinances and building codes, to the extent the Property is in compliance therewith; and (v) any and all other exceptions set forth in the Title Reports (as defined below) which Seller does not elect to, or is not required to, cure under Section 6 herein and/or to which Buyer waives (or is deemed to have waived) its right to object pursuant to said Section 6 (collectively, the “**Permitted Exceptions**”).

Section 6. Examination of Property.

Seller and Buyer hereby agree as follows:

(a) **Title Examination.** As soon as practical after the Effective Date, Seller shall deliver to Buyer (i) a commitment for owner’s policy of title insurance, dated within sixty (60) days of the Effective Date, with respect to each Property (each, a “**Title Report**” and, collectively, the “**Title Reports**”) from the Title Insurer, (ii) a survey of each Property, prepared by a licensed professional surveyor in accordance with the minimum standard detail requirements for ALTA/ACSM Land Title Surveys as adopted by the American Land Title Association, the American Congress on Surveying and Mapping and the National Society of Professional Surveyors, including customary Table A items, dated within ninety (90) days of the Effective Date (each, a “**Survey**” and,

collectively, the “**Surveys**”), (iii) a zoning report of each Property, dated within sixty (60) days of the Effective Date, prepared by a nationally-recognized zoning company, including a copy of the applicable certificate of occupancy and letter from the applicable municipality confirming no uncured building code, fire code or other code violations exist (each, a “**Zoning Report**” and, collectively, the “**Zoning Reports**”). Prior to the expiration of the Due Diligence Period, Buyer may obtain (I) a phase I environmental site assessment with respect to any Property (each, an “**Environmental Report**” and, collectively, the “**Environmental Reports**”), (II) a property condition report with respect to the Property (each, a “**PCR**” and, collectively, the “**PCRs**”), (III) an updated or new Survey for the Property. Buyer may furnish to Seller, on or prior to the date that is five (5) business days after receipt of the Title Reports and the Surveys, a statement (the “**Initial Objection Letter**”), specifying any defects in the Title Reports and/or the Surveys (the “**Objections**”); provided that, for the avoidance of doubt, Buyer shall not be obligated to object to any Must Cure Items (which Seller shall be obligated to cure). Seller shall notify Buyer within three (3) business days after receipt of the Initial Objection Letter whether Seller will elect to cure the Objections. If Seller does not respond within said three (3) business day period, Seller shall be deemed to have elected not to cure the Objections. If Seller does not elect (or is deemed to not elect) to cure any Objections, Buyer shall have the right, by notice given to Seller and Title Insurer within two (2) business days after receipt of Seller’s notice (or within two (2) business days of the expiration of Seller’s three (3) business day response period, if Seller does not respond), either to (a) waive such Objections and proceed with the transactions contemplated by this Agreement, in which event such Objections shall be Permitted Exceptions, or (b) terminate this Agreement, in which event the Earnest Money shall be returned to Buyer and neither party shall have any obligations or liabilities hereunder except those that expressly survive termination of this Agreement. If Buyer fails to elect to terminate this Agreement by notice given to Seller within said two (2) business day period, then Buyer shall be conclusively deemed to have elected to waive such Objections. If Buyer fails to deliver the Initial Objection Letter to Seller prior to the date that is five (5) business days after receipt of the Title Reports and the Surveys, then Buyer shall be deemed to have waived its right to object to any defect set forth in the Title Reports and Surveys; provided that, for the avoidance of doubt, Buyer shall not be obligated to object to any Must Cure Items (which Seller shall be obligated to cure). If at any time after the delivery of the Initial Objection Letter there is any update to any Title Report or Survey that discloses any additional item which was not disclosed on any version of or update to a Title Report or Survey delivered to Buyer previously (the “**New Exception**”), Buyer shall have a period of five (5) business days from the date of its receipt of such update (the “**New Exception Review Period**”) to review and notify Seller in writing of Buyer’s approval or disapproval of the New Exception, or if no such notice is provided, such New Exception will be deemed to have been waived, in which event such New Exception shall be a Permitted Exception. If Buyer disapproves of the New Exception, Seller may, in its sole discretion, notify Buyer as to whether it is willing to cure the New Exception. If Seller fails to deliver a notice to Buyer within three (3) business days after the expiration of the New Exception Review Period, Seller shall be deemed to have elected not to cure the New Exception. If Buyer is dissatisfied with Seller’s response, or lack thereof, Buyer may, as its exclusive remedy, elect, upon written notice to Seller two (2) business days after receipt of Seller’s response (or within two (2) business days of the expiration of Seller’s three (3) business day response period, if Seller does not respond), either: (a) to terminate this Agreement, in which event the Earnest Money shall be paid to Buyer, or (b) to waive the New Exception and proceed with the transactions contemplated by this Agreement, in which event such New Exception shall be a Permitted

Exception. If Buyer fails to notify Seller of its election to terminate this Agreement in accordance with the foregoing sentence within two (2) business days after receipt of Seller's response (or within two (2) business days of the expiration of Seller's three (3) business day response period, if Seller does not respond), Buyer shall be deemed to have elected to approve and irrevocably waive any objections to the New Exception, in which event such New Exception shall be a Permitted Exception. Notwithstanding the foregoing, Seller shall be required to cure the following whether or not Buyer objects to the same (the "**Must Cure Items**"): (x) all monetary liens or encumbrances against the Property that are dischargeable by payment of a liquidated sum, including, without limitation, all mortgages, financing instruments, mechanics liens and judgments affecting the Property which are created by or through Seller; (y) all encumbrances against title which are created by or through Seller after the date hereof, except if otherwise approved in writing by Buyer, in Buyer's sole discretion; and (z) any matter which Seller elects to cure pursuant to this Section 6(a). Notwithstanding anything to the contrary contained herein, in no event shall a Must Cure Item be considered a Permitted Exception, Buyer shall not be required to object to any Must Cure Item and if Seller shall fail to cure a Must Cure Item at or prior to Closing, Buyer shall have the rights set forth in Section 8(b).

(b) **Examination.** As soon as practical after the Effective Date, Seller shall deliver to Buyer all of the materials set forth in Schedule 6(b) attached hereto to the extent that such materials are in the possession or control of Seller (together with the Title Reports, Surveys, Zoning Reports, Environmental Reports and PCRs, collectively, the "**Due Diligence Materials**"). If there is any delay by Seller in the delivery of the Due Diligence Materials set forth in Schedule 6(b) by Seller to Buyer, for each day that passes thereafter until all of such materials are delivered to Buyer the Due Diligence Period shall be extended by one (1) day. Additionally, during the term of this Agreement, Buyer, its agents and designees, shall have the right to enter the Property during normal business hours for the purposes of inspecting the Property, and making surveys, mechanical and structural engineering studies, inspecting construction, and conducting any other investigations and inspections as Buyer may desire to assess the condition and suitability of the Property (collectively, "**Buyer's Inspections**"); provided, however, that Buyer's Inspections shall not materially damage the Property or interfere with the conduct of business by Seller or any of Seller's tenants and Buyer and its agent and designees shall not discuss the transactions contemplated hereby with any on-site employees of Seller or other personnel at the Property without Seller's consent; and provided further, however, that Buyer shall (i) indemnify and hold Seller harmless from and against any and all claims, judgments, fines, penalties, reasonable out-of-pocket costs, expenses and damages to the extent resulting from damage to the Property or injury to persons as a result of the activities of Buyer and its agents and designees on the Property (including, but not limited to, reasonable out-of-pocket attorneys' fees), (ii) repair any and all damage caused, in whole or in part, by Buyer, which obligations shall survive any termination of this Agreement; except, however, that Buyer shall not be responsible for any repairs necessitated by Buyer's discovery of any pre-existing conditions on the Property during Buyer's diligence inspections except to the extent any such conditions are exacerbated by Buyer, and (iii) not conduct a Phase II Environmental Site Assessment or any other invasive testing, sampling or investigation without Seller's prior written consent as determined in Seller's sole discretion. Before entering the Property, Buyer shall provide to Seller evidence of insurance coverage reasonably acceptable to Seller for all examinations and inspections by or on behalf of Buyer and shall give at least one (1) business day's prior written notice to Seller's designated representative(s) of such entry upon the Property by Buyer, and Seller may have any of its representative, agents, and/or contractors

(collectively, “**Seller’s Designated Representatives**”) present during any and all examinations, inspections and/or studies on the Property, provided that if Buyer provides Seller with timely notice of such examination, inspection or study, then Seller and/or Seller’s Designated Representatives’ failure to be present shall not prohibit Buyer from conducting such examination, inspection and/or study. All information provided by or on behalf of Seller to Buyer relating to the Property and all information obtained by Buyer relating to the Property in the course of Buyer’s Inspections, including, without limitation, any property survey, engineer report or assessment, environmental assessment or audit (excepting from all of the foregoing any information and/or documentation available in the public domain, which Buyer or any Buyer Representative receives from a third party that is not subject to a duty of confidentiality with respect to such information, or is independently developed by Buyer or any Buyer Representative without the use of such information, in each case which shall not be treated as confidential) shall be treated as confidential information by Buyer and Buyer shall instruct all of its employees, agents, representatives and contractors as to the confidentiality of all such information, provided that Buyer may disclose such information as it deems necessary to Buyer’s attorneys, agents, counsel, advisors, employees, agents, representatives, accountants, financial advisors, investors, potential investors, potential lenders, lenders and lenders’ attorneys (the “**Buyer Representatives**”), provided that the parties to whom such information is disclosed are informed of the confidential nature thereof. Notwithstanding the foregoing, Buyer and the Buyer Representatives shall be permitted to disclose the applicable information as required to comply with any applicable law, including, without limitation any regulation, court order or subpoena; provided that Buyer shall be responsible for any breaches of this Section 6(b) by any Buyer Representative, and shall indemnify Seller with respect to same regardless of whether or not a Buyer Representative was informed of the confidential nature of the information provided to the Buyer Representative. Notwithstanding anything to the contrary contained in this Agreement or in that certain Confidentiality Agreement with an effective date of February 23, 2022, by and between Seller and Oak Street Real Estate Capital, LLC, Seller shall have the right, in Seller’s sole and absolute discretion, to (i) issue a press release stating that it has entered into an agreement to sell the Property without identifying Buyer, and (ii) to disclose the material terms of this Agreement and the name of the Buyer in Seller’s Form 8-K filing with the United States Securities and Exchange Commission (the “**SEC**”) and to file a copy of this Agreement as may be required by the SEC; provided that in each event of (i) and (ii) Seller shall provide to Buyer a copy of such release or filing, as applicable, in advance thereof for Buyer’s approval (not to be unreasonably withheld, conditioned or delayed) solely to confirm that the same are factually accurate.

(c) **Termination; Notice to Proceed.** Buyer shall have the unconditional right, for any reason or no reason, to terminate this Agreement by giving written notice thereof to Seller prior to the expiration of the Due Diligence Period. In the event that Buyer duly exercises its termination right pursuant to the immediately preceding sentence, this Agreement shall become null and void, Buyer shall receive a refund of the Earnest Money, and all rights, liabilities and obligations of the parties under this Agreement shall expire, except as otherwise set forth herein. If Buyer does not provide Seller with written notice stating that it elects to proceed to Closing prior to the expiration of the Due Diligence Period, then Buyer shall be deemed to have elected to terminate this Agreement, in which event Buyer shall receive a refund of the Earnest Money, this Agreement shall become null and void and all rights, liabilities and obligations of the parties under this Agreement shall expire, except as otherwise set forth herein.

Section 7. Risk of Loss/Condemnation.

Until Closing, the risk of loss or damage to the Property shall be borne by Seller. In the event all or any portion of a Property is damaged in any casualty or condemned or taken (or notice of any condemnation or taking is issued) (a “**Casualty/Condemnation Event**”), Seller shall give Buyer written notice immediately upon becoming aware thereof, and: (a) with respect to any casualty, if (i) the cost to repair such casualty would exceed five percent (5%) of the Allocated Purchase Price with respect to the damaged Property, or (ii) any such casualty is uninsured; or (b) with respect to any condemnation or taking (or notice thereof), the proposed condemnation or taking would result in (i) the loss of legal access to a public right-of way, (ii) the Property violating any laws or failing to comply with zoning or any recorded covenants, conditions or restrictions affecting the Property or (iii) or the reduction of value in the Property by more than five percent (5%) of the Allocated Purchase Price with respect to such Property, then, in either case, Buyer may elect to designate the damaged, condemned or taken Property as an “**Excluded Property**” by written notice to Seller given within ten (10) business days after the occurrence of the event described in (a) or (b), in which event the term Property shall no longer include such Excluded Property and the Purchase Price shall be reduced by an amount equal to the Allocated Purchase Price for such Excluded Property; provided that Seller may elect to designate a damages, condemned or taken Property as an Excluded Property by written Notice to Buyer if (x) with respect to any casualty, if the cost to repair such casualty would exceed fifteen percent (15%) of the Allocated Purchase Price with respect to the damaged Property or (y) if the reduction of value in the Property is by more than fifteen percent (15%) of the Allocated Purchase Price with respect to such Property by written notice to Buyer given within ten (10) business days after the occurrence of the event described in (x) or (y). Additionally, in the event that both the Darlington Property and the Roland Property shall become an Excluded Property, this Agreement shall terminate and upon such termination the Earnest Money shall be returned to Buyer and neither party hereto shall have any further rights, obligations or liabilities under this Agreement, except as otherwise set forth herein. With respect to any condemnation or taking (or any notice thereof), if neither Seller nor Buyer elects to designate the damaged Property, in accordance with this Section 7, as an Excluded Property, there shall be no abatement of the Purchase Price and Seller shall assign to Buyer, at the Closing, the rights of Seller to the awards, if any, for the condemnation or taking, and Buyer shall be entitled to receive and keep all such awards to be applied in accordance with the terms of the New Lease. With respect to a casualty, if neither Seller nor Buyer elects to designate the damaged Property as an Excluded Property, in accordance with this Section 7 or if neither party has the right to designate the damaged Property as an Excluded Property as aforesaid, there shall be no abatement of the Purchase Price and Seller shall assign to Buyer, at the Closing, the rights of Seller to the proceeds under Seller’s insurance policies covering the Property with respect to such damage or destruction (or pay to Buyer any such proceeds received prior to Closing), with Seller responsible for payment of any deductible and/or uninsured amount with respect thereto, and Buyer shall be entitled to receive and keep any monies received from such insurance policies which shall be applied in accordance with the terms of the New Lease.

Section 8. Default; Breach of Representation.

(a) In the event Buyer fails to consummate the Closing on the Closing Date, for any reason other than Seller’s default or failure of a condition to Buyer’s obligation to close being satisfied, then Seller may, upon five (5) days’ written notice to Buyer, if such failure is not cured within

such five (5) day period, as its sole and exclusive remedy terminate this Agreement by written notice to Buyer, and in such event Seller shall be entitled to immediately receive all of the Earnest Money as liquidated damages. Upon such termination, and receipt by Seller of all of the Earnest Money, neither Buyer nor Seller shall have any further rights, obligations or liabilities hereunder, except as otherwise provided herein. Buyer and Seller agree that it would be impracticable or extremely difficult to determine, with any degree of certainty, the loss which Seller would incur in the event of Buyer's default in its obligation to consummate the Closing on the Closing Date or affix damages if Buyer so defaults; therefore the parties have agreed that the Earnest Money, together with the interest thereon, represents a reasonable estimate of Seller's damages and is intended as a liquidated damages provision. Seller agrees to accept the Earnest Money as Seller's total damages and relief hereunder if Buyer defaults in its obligation to close hereunder.

(b) In the event Seller materially breaches any of its covenants, representations or warranties contained in this Agreement, or if Seller fails to consummate the Closing on the Closing Date for any reason other than Buyer's default or failure of a condition to Seller's obligation to close being satisfied, Buyer may, upon five (5) days' notice to Seller, if such breach or failure is not cured within such five (5) day period (provided that, notwithstanding the foregoing, Seller shall not have the right to cure a failure by Seller to deliver the deliverables required by Seller in accordance with Section 9(b)), as its sole and exclusive remedy, either (i) waive such default or failure and proceed to Closing in accordance with the terms and provisions hereof, (ii) terminate this Agreement by notice to Seller, in which event the Earnest Money shall be returned to and Buyer and Seller shall reimburse Buyer for Buyer's actual, reasonable third-party out-of-pocket expenses incurred with respect to its negotiation of this Agreement and due diligence with respect to the Property, including but not limited to environmental and engineering consultants' fees, legal fees and financing deposits (not to exceed One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00) in the aggregate) (the "**Termination Fee**"), and thereafter neither Buyer nor Seller shall have any further rights, obligations or liabilities hereunder, except as otherwise provided herein, or (iii) enforce specific performance of Seller's obligations under this Agreement.

(c) Notwithstanding Section 8(a) and Section 8(b) hereof, in no event shall the provisions of Section 8(a) and Section 8(b) limit the damages recoverable by either party against the other party due to the other party's obligation to indemnify such party in accordance with the express provisions of this Agreement. This Section 8(c) shall survive the Closing or the earlier termination of this Agreement.

(d) Notwithstanding anything to the contrary contained herein, in the event of a default of Seller hereunder which makes specific performance unavailable, Buyer shall, as Buyer's sole and exclusive remedy terminate this Agreement by notice to Seller, in which event the Earnest Money shall be returned to, Buyer and Seller shall reimburse Buyer for Buyer's actual, reasonable third-party out-of-pocket expenses incurred with respect to its negotiation of this Agreement and due diligence with respect to the Property, including but not limited to environmental and engineering consultants' fees, legal fees and financing deposits (without regard to the limitation set forth in Section 8(b) above). In the event, and only in the event, that specific performance is unavailable because Seller has conveyed the Property to a third party in violation of this Agreement, then Seller shall also be liable to Buyer for a fee equal to one

percent (1%) of (i) the Allocated Purchase Price (if only one Property was so conveyed) or (ii) the entire Purchase Price (if both the Darlington Property and the Roland Property were so conveyed).

(e) All representations and warranties of Seller and Buyer in this Agreement shall be deemed to have been made as of the Effective Date and as of the Closing Date and shall survive the Closing for a period of twelve (12) months after the Closing (the “**Survival Period**”). Any right of action for the breach of any representation, warranty, or covenant contained herein shall not merge with the deeds delivered at the Closing but shall survive the Closing for the Survival Period. Following the Closing, Seller shall be liable for any breach of its representations or warranties expressly set forth in this Agreement; provided, however, that: (i) following Closing, the total liability of Seller for all such breaches of its representations and warranties under this Agreement shall not, in the aggregate, exceed three percent (3%) of the Purchase Price (the “**Claim Cap**”); and (ii) following Closing, the total liability of Buyer for all such breaches shall not, in the aggregate, exceed the Claim Cap. Buyer further agrees that, following the Closing, no claim may or shall be made for any alleged breach of any representations or warranties made by Seller under or relating to this Agreement unless the amount of such claim or claims, individually or in the aggregate, exceeds FIFTEEN THOUSAND AND NO/100 DOLLARS (\$15,000.00) (in which event the full amount of such valid claims against Seller shall be actionable up to, but not in excess of, the Claim Cap).

Section 9. Closing.

(a) The “**Closing Date**” shall occur on the date that is five (5) business days after the expiration of the Due Diligence Period with respect to the Darlington Property and five (5) business days after Seller has received the Roland Approval. Each Closing shall consist of the execution and delivery of documents by Seller and Buyer with respect to the applicable Property, as set forth below, and delivery by Buyer to Seller of the applicable Allocated Purchase Price in accordance with the terms of this Agreement. Each Closing shall be held as a “mail away” closing, without the need for personal attendance at Closing by representatives of either Seller or Buyer, through the offices of the Escrow Agent, or such other place or manner as the parties hereto may mutually agree.

(b) Seller shall deliver to Buyer at each Closing the following executed documents with respect to the applicable Property:

(i) a limited warranty deed or its equivalent with respect to such Property in forms reasonably acceptable to both Seller and Buyer, from Seller to Buyer conveying the Real Property and the Improvements to Buyer (each, a “**Deed**” and, collectively, the “**Deeds**”);

(ii) the New Lease (or with respect to the Roland Property an amendment to the New Lease adding the Roland Property thereto), executed by Tenant;

(iii) one (1) original of the memorandum of the New Lease in the form contemplated therein (the “**Memorandum of Lease**”);

- (iv) a settlement statement setting forth the Allocated Purchase Price, all prorations and other adjustments to be made pursuant to the terms hereof, and the funds required for such Closing as contemplated hereunder (the “**Settlement Statement**”);
- (v) all transfer tax statements, declarations, residency certifications and affidavits, and filings as may be necessary or appropriate for purposes of recordation of the Deed;
- (vi) good standing certificates and corporate resolutions or member or partner consents, as applicable, and such other organization or authority documents as reasonably requested by the Title Insurer;
- (vii) a FIRPTA Affidavit from Seller in the form of Exhibit B attached hereto, and approved by the Title Insurer;
- (viii) an affidavit in the form reasonably and customarily required by the Title Insurer to issue the Title Policy to Buyer;
- (ix) in the event Buyer is encumbering the applicable Property with a mortgage at such Closing, an SNDA (as defined in the New Lease) for the applicable Property in accordance with the New Lease, executed by Seller; and
- (x) such additional documents, tax certificates, withholding forms, instructions or other items as may be necessary or appropriate to comply with the provisions of this Agreement and to effect the transactions contemplated hereby.

(c) Buyer shall deliver to Seller at each Closing the following with respect to the applicable Property:

- (i) the balance of the Allocated Purchase Price plus those costs allocated to Buyer pursuant to Section 2(c);
- (ii) the Settlement Statement executed by Buyer;
- (iii) the New Lease (or amendment to the New Lease, as applicable) executed by Buyer;
- (iv) one (1) original of the Memorandum of Lease executed by Buyer;
- (v) all transfer tax statements, declarations, residency certifications and affidavits, and filings as may be necessary or appropriate for purposes of recordation of the applicable deed;
- (xi) in the event Buyer is encumbering the applicable Property with a mortgage at such Closing, an SNDA (as defined in the New Lease) for the applicable Property in accordance with the New Lease, executed by Buyer and Buyer’s lender;

(vi) good standing certificates and corporate resolutions or member or partner consents, as applicable, and such other organization or authority documents as reasonably requested by the Title Insurer; and

(vii) such additional documents, instructions or other items as may be necessary or appropriate to comply with the provisions of this Agreement and to effect the transactions contemplated hereby.

Notwithstanding anything to the contrary contained in this Agreement, in the event that (i) nationally recognized overnight courier services are closed for operations, (ii) wires are not being processed by national banking institutions, (iii) the applicable government agencies or regulatory offices are closed, (iv) the Title Insurer (or issuing title company) is closed or (v) trading on the NYSE or NASDAQ has been suspended (each, a “**Force Majeure Event**”) on the Closing Date or the business day preceding the Closing Date, then the Closing Date shall be extended day-for-day until the date that is two (2) business days after the last of such Force Majeure Events has been resolved. In the event the foregoing would result in an extension right with respect to the Closing Date of more than sixty (60) days, Seller and Buyer shall each have the right to terminate this Agreement by written notice to the other. Upon any such termination, the Earnest Money shall be returned to Buyer and neither Buyer nor Seller shall have any further obligations hereunder except those which expressly survive.

Section 10. Seller’s Representations.

Seller represents and warrants to Buyer, effective as of the Effective Date and as of the Closing Date, as follows:

(a) Seller is duly organized (or formed), validly existing and in good standing under the laws of the United States and the State of Delaware. Seller is authorized to consummate the transaction set forth herein and fulfill all of its respective obligations hereunder and under all closing documents to be executed by Seller, and has all necessary power to execute and deliver this Agreement, and all closing documents to be executed by Seller, and to perform all of Seller’s obligations hereunder, and under such closing documents. Neither the execution and delivery of this Agreement and all closing documents to be executed by Seller, nor the performance of the obligations of Seller hereunder or thereunder will result in the violation of any law or any provision of the organizational documents of or will conflict with any order or decree of any court or governmental instrumentality of any nature by which Seller is bound.

(b) Seller has not received any written notice of nor does Seller have actual knowledge of, any current or pending tax appeals affecting Seller or the Property, and Seller does not have any actual knowledge of any pending tax appeals against Seller or the Property. Seller has not initiated, nor does Seller have actual knowledge of, any action for a change or modification in the current subdivision, site plan, zoning or other land use permits for the Property.

(c) There are no actions, suits or other proceedings or litigation of any kind pending or, to Seller’s actual knowledge, threatened against Seller or the Property which, if determined adversely to Seller, would have a material adverse effect on the validity or enforceability of this Agreement or the ability of Seller to perform its obligations hereunder; and, Seller has not

received any written notice of any current or pending environmental investigations against the Property and Seller does not have any actual knowledge of any pending environmental investigations against the Property.

(d) Seller has not entered into any contracts, subcontracts or agreements, including but not limited to any service contracts or brokerage agreements, affecting the Property which will be binding upon the Property or Buyer after the Closing.

(e) Seller has not received any written notice from (or delivered any notice to) any governmental authority regarding any violation of any law applicable to the Property and Seller does not have actual knowledge of any such violations.

(f) There are no Leases affecting the Property.

(g) Seller is not a “foreign person” under the Foreign Investment in Real Property Tax Act of 1980 (“**FIRPTA**”) and upon consummation of the transaction contemplated hereby, Buyer will not be required to withhold from the Purchase Price any withholding tax.

(h) Seller has no actual knowledge of any pending or threatened condemnation proceedings affecting the Property and Seller has not received any written notice that there is any pending or threatened condemnation of all or any part of the Property.

(i) Except as set forth in the environmental report previously delivered by Seller to Buyer, (1) to Seller’s actual knowledge no Hazardous Substances have been generated, stored, released, or disposed of on or about the Property in violation of any law, rule or regulation applicable to the Property which regulates or controls matters relating to the environment or public health or safety (collectively, “**Environmental Laws**”); and (2) Seller has not received any written notice from (nor delivered any notice to) any federal, state, county, municipal or other governmental department, agency or authority concerning any petroleum product or other Hazardous Substance discharge or seepage on or affecting the Property.

(j) Seller has not granted any rights of first refusal, rights of first offer, purchase options or similar purchase rights with respect to the Property, and Seller does not have actual knowledge of any parties that have been granted such rights or options by others.

(k) Seller is not acting on behalf of, (a) an “employee benefit plan” (as defined in Section 3(3) of the Employment Retirement Income Security Act of 1974 (“**ERISA**”)) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975(e) of the Internal Revenue Code of 1986 (the “**Code**”) that is subject to Section 4975 of the Code (each of the foregoing a “**Plan**”), (c) an entity or account the assets of which constitute “plan assets” of one or more such Plans within the meaning of Department of Labor Regulation 29 CFR Section 2510.3-101, as modified by Section 3(42) of ERISA or (d) a “governmental plan” within the meaning of Section 3(32) of ERISA.

(l) Neither Seller nor, to Seller’s actual knowledge, its affiliates, is in violation of any laws relating to terrorism, money laundering or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Action of 2001, Public Law 107-56 and Executive Order No. 13224 (Blocking Property and Prohibiting Transactions with

Persons Who Commit, Threaten to Commit, or Support Terrorism) (the “**Executive Order**”) (collectively, the “**Anti-Money Laundering and Anti-Terrorism Laws**”). Neither Seller nor, to Seller’s actual knowledge, its affiliates, is acting, directly or indirectly, on behalf of terrorists, terrorist organizations or narcotics traffickers, including those persons or entities that appear on the Annex to the Executive Order, or are included on any relevant lists maintained by the Office of Foreign Assets Control of U.S. Department of Treasury, U.S. Department of State, or other U.S. government agencies, all as may be amended from time to time. Neither Seller nor, to Seller’s actual knowledge, its affiliates or, without inquiry, any of its brokers or other agents, in any capacity in connection with the sale of the Property (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any person included in the lists referenced above, (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order, or (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Money Laundering and Anti-Terrorism Laws. Neither Seller, nor any person controlling or controlled by Seller, is a country, territory, individual or entity named on a Government List, and the monies used in connection with this Agreement and amounts committed with respect thereto, were not and are not derived from any activities that contravene any applicable anti-money laundering or anti-bribery laws and regulations (including funds being derived from any person, entity, country or territory on a Government List or engaged in any unlawful activity defined under Title 18 of the United States Code, Section 1956(c)(7)).

(m) Except for items being paid by Seller at Closing or prorated at Closing, to Seller’s actual knowledge there are no outstanding accounts payable or unpaid debts relating to the Property that would be binding on Buyer or the Property, including, without limitation, any unpaid charges, debts, liabilities, claims or obligations arising from the construction, occupancy, ownership, use or operation of the Property, which could give rise to any mechanic’s or materialmen’s or other statutory liens against any portion of the Property.

(n) Following the Closing, Buyer shall have no obligation to employ or continue to employ any individual employed by Seller or at the Property. There are no employment, collective bargaining or similar agreements or arrangements with Seller or with respect to the Property which will be binding on Buyer after the Closing.

(o) The Due Diligence Materials (other than received by Seller or created, in each case, after the Effective Date) consist of copies of the same documents that are used and relied upon by Seller in its ownership and operation of the Property.

(p) Seller currently possesses all requisite Licenses & Approvals which are, to Seller’s actual knowledge, necessary to own, maintain, operate and use the Property, and has made available to Buyer true, correct and complete copies of the Licenses & Approvals. Seller has not received any written notice from any governmental authority or other person or entity of (i) any violation, default, intended or threatened non-renewal, suspension or revocation of any License or Approval, or (ii) any failure by Seller to obtain any of the Licenses & Approvals required for the use, occupancy or operation of the Property that has not been cured, and to Seller’s actual knowledge there is no violation, default or any basis for any non-renewal, suspension or revocation of any of the Licenses & Approvals.

(q) Terms such as “to Seller’s knowledge,” “to the best of Seller’s knowledge” or like phrases mean the knowledge of Charles Hynes, Senior Vice President of Supply Chain, the individual in Seller’s organization charged with responsibility for the Property, and the matters otherwise addressed in the representations and warranties contained herein; provided however, that so qualifying Seller’s knowledge shall in no event give rise to any personal liability on the part of Seller’s property manager, any officer, director or employee of Seller or Charles Hynes on account of any breach of any representation or warranty made by Seller herein. Notwithstanding the foregoing, if either (x) any of Seller’s representations and warranties are inaccurate, untrue or incorrect in any material respect as of the Effective Date or (y) any of Seller’s representations or warranties becomes untrue prior to the Closing Date due to a breach of this Agreement by Seller, then in either such event Seller shall provide written notice to Buyer thereof and Buyer may terminate this Agreement by giving Seller timely written notice of such election prior to or at Closing, recover the Earnest Money and have the right to avail itself of all remedies described in Section 8(b) hereof.

Section 11. Buyer’s Representations.

Buyer represents and warrants to Seller effective as of the Effective Date and as of the Closing Date, as follows:

(a) Buyer is duly formed, validly existing and in good standing under the laws of Delaware, is authorized to consummate the transaction set forth herein and fulfill all of its obligations hereunder and under all closing documents to be executed by Buyer, and has all necessary power to execute and deliver this Agreement and all closing documents to be executed by Buyer, and to perform all of Buyer’s obligations hereunder and thereunder. This Agreement and all closing documents to be executed by Buyer have been duly authorized by all requisite corporate or other required action on the part of Buyer and are the valid and legally binding obligation of Buyer, enforceable in accordance with their respective terms. Neither the execution and delivery of this Agreement and all closing documents to be executed by Buyer, nor the performance of the obligations of Buyer hereunder or thereunder will result in the violation of any law or any provision of the organizational documents of Buyer or will conflict with any order or decree of any court or governmental instrumentality of any nature by which Buyer is bound.

(b) No petition has been filed by or against Buyer under the Federal Bankruptcy Code or any similar State or Federal Law.

(c) Neither Buyer nor, to Buyer’s actual knowledge, its affiliates, is in violation of any Anti- Money Laundering and Anti-Terrorism Laws. Neither Buyer nor, to Buyer’s actual knowledge, its affiliates, is acting, directly or indirectly, on behalf of terrorists, terrorist organizations or narcotics traffickers, including those persons or entities that appear on the Annex to the Executive Order, or are included on any relevant lists maintained by the Office of Foreign Assets Control of U.S. Department of Treasury, U.S. Department of State, or other U.S. government agencies, all as may be amended from time to time. Neither Buyer nor, to Buyer’s actual knowledge, its affiliates or, without inquiry, any of its brokers or other agents, in any capacity in connection with the sale of the Property (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any

person included in the lists referenced above, (B) deals in, or otherwise engages in any transaction relating to, the property or interests in the property blocked pursuant to the Executive Order, or (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Money Laundering and Anti-Terrorism Laws. Neither Buyer, nor any person controlling or controlled by Buyer, is a country, territory, individual or entity named on a Government List, and the monies used in connection with this Agreement and amounts committed with respect thereto, were not and are not derived from any activities that contravene any applicable anti-money laundering or anti-bribery laws and regulations (including funds being derived from any person, entity, country or territory on a Government List or engaged in any unlawful activity defined under Title 18 of the United States Code, Section 1956(c)(7)).

(d) Buyer is not, and is not acting on behalf of, (a) a Plan, (b) an entity or account the assets of which constitute “plan assets” of one or more such Plans within the meaning of Department of Labor Regulation 29 CFR Section 2510.3-101, as modified by Section 3(42) of ERISA or (c) a “governmental plan” within the meaning of Section 3(32) of ERISA.

(e) For purposes of this Agreement, terms such as “to Buyer’s knowledge”, “to the best of Buyer’s knowledge”, or like phrases mean the actual knowledge of Michael Reiter, with no duty of inquiry, an individuals in Buyer’s organization expected to have knowledge of the matters set forth in this Agreement; provided however, that so qualifying Buyer’s knowledge shall in no event give rise to any personal liability on the part of such individual (or any other officer, director or employee of Buyer or its affiliates) on account of any breach of any representation, warranty or covenant by Buyer herein.

Section 12. Conditions to Buyer’s Obligations.

Buyer’s obligation to pay the Purchase Price, accept title to the Property and proceed to Closing on the terms and conditions of this Agreement shall be subject to satisfaction of the following conditions precedent on and as of the Closing Date:

(a) Seller shall deliver, or cause to be delivered, to Buyer on or before the Closing Date the documents set forth in Section 9(b) above;

(b) Each of the representations and warranties of Seller contained in this Agreement, shall have been true when made and shall be true in all material respects at and as of the Closing Date as if such representations and warranties were made at and as of the Closing, and Seller shall have performed and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or at the Closing (including, without limitation, all deliveries required of Seller pursuant to Section 9(b) of this Agreement);

(c) Buyer shall receive from the Title Insurer a current ALTA owner’s title insurance policy, or irrevocable and unconditional binder to issue the same, with extended coverage for each Real Property in the amount of the applicable Allocated Purchase Price, dated, or updated to, the date of the Closing, insuring, or committing to insure, at its ordinary premium rates, Buyer’s good and marketable title in fee simple to the Real Property and otherwise in such form approved by

Buyer pursuant to Section 6 hereof and subject only to the Permitted Exceptions (the “Title Policy”); and

(d) From the Effective Date until Closing, no material adverse change shall have occurred with respect to any Property or Tenant.

Buyer may at any time or times, at its election, waive any of the conditions to its obligations under this Agreement but any such waiver shall be effective only if contained in a writing signed by Buyer. If all of the above conditions have not been satisfied, or waived in writing by Buyer, on or prior to the applicable Closing Date, then Buyer shall have the right to terminate this Agreement within three (3) Business Days of the applicable then scheduled Closing Date, in its entirety, and upon such termination the Earnest Money shall be returned to Buyer and thereafter neither Buyer nor Seller shall have any further rights, obligations or liabilities hereunder, except as otherwise set forth herein. If the failure of any condition precedent to Buyer’s obligations set forth in this Section 12 arises as a result of a material default by Seller under this Agreement, Buyer shall also have the remedies available to Buyer in Section 8(b).

Section 13. Conditions to Seller’s Obligations.

Seller’s obligation to deliver title to the Property and proceed to Closing on the terms and conditions of this Agreement shall be subject to satisfaction of the following conditions precedent on and as of the Closing Date:

(a) Buyer shall deliver to Seller upon the Closing the balance of the Purchase Price pursuant to Section 2 hereof plus those costs allocated to Buyer pursuant to Section 2(c); and

(b) Each of the representations and warranties of Buyer contained in this Agreement shall have been true when made and shall be true in all material respects at and as of the Closing Date as if such representations and warranties were made at and as of the Closing, and Buyer shall have performed and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed or complied with by Buyer prior to or at the Closing (including, without limitation, all deliveries required of Buyer pursuant to Section 9(c) of this Agreement).

If all of the above conditions have not been satisfied or waived in writing by Seller on or prior to the applicable Closing Date, then Seller shall have the right to terminate this Agreement within three (3) Business Days of the applicable then scheduled Closing Date, and upon such termination the Earnest Money shall be returned to Buyer and neither Buyer nor Seller shall have any further rights, obligations or liabilities hereunder, except as otherwise set forth herein. In the event of the failure of the condition precedent to Seller’s obligations set forth in Section 13(a), Seller shall have the remedies available to Seller in Section 8(a).

Section 14. Notices.

All notices and other communications which may be or are required to be given or made by any party to the other in connection herewith shall be in writing and shall be deemed to have been properly given on the date: (i) delivered in person, (ii) deposited in the United States mail, registered or certified, return receipt requested, (iii) delivery via electronic mail to the addresses

set out in Section 1 or (iv) deposited with a nationally recognized overnight courier, to the addresses set out in Section 1. The time to reply to any such notice or other communication shall commence upon actual or deemed delivery, however. Any address or name specified in Section 1 may be changed by notice given to the addressee by the other party in accordance with this Section 14. Anything to the contrary notwithstanding, if notice cannot be delivered because of a changed address of which no notice was given as provided, above, or because of rejection or refusal to accept any notice, then receipt of such notice shall be deemed to be as of the date of inability to deliver or rejection or refusal to accept. Any notice to be given by any party may be given by the counsel for such party.

Section 15. Seller Pre-Closing Covenants.

With respect to each Property, from and after the Effective Date and until the applicable Closing, Seller agrees that it shall:

- (a) continue to operate, repair and maintain the Property in the same manner in which Seller has previously operated the Property;
- (b) subject to Section 7 hereof and subject to reasonable wear and tear and damage from fire or other casualty, maintain the Property in the same (or better) condition as exists on the date hereof;
- (c) keep the Property insured or cause the Property to be insured for no less than full replacement cost thereof (not including land and foundations);
- (d) not (i) transfer, sell or otherwise dispose of the Property, except for the replacement of obsolete personal property in the ordinary course of business, nor (ii) initiate or consent to any zoning reclassification or other change to the zoning, site plan, special use permit or other land use entitlement with respect to the Property, without, in each instance, obtaining the prior written consent of Buyer in its sole and absolute discretion;
- (e) not enter into any lease, lease amendment, license, occupancy agreement, lien, encumbrance, right-of-way, or any contract or agreement of any kind with respect to the Property that would be binding on Buyer or the Property after Closing;
- (f) after execution of this Agreement by the parties, Seller shall (at its own expense) take any steps which are a prerequisite to the assignment and transfer to Buyer at closing of all Licenses & Approvals, to the extent required by applicable law to be transferred to Buyer in connection with the conveyance of the Property. Such obligation shall include, but not be limited to, the obtaining of any required consents, the arranging of any required inspections, and the payment of any required fees; and
- (g) promptly inform Buyer in writing of (i) the receipt of written notice from any applicable governmental authority having jurisdiction of any purported violation of law with respect to the Property and/or any casualty or condemnation with respect to the Property or (ii) any other material event which would reasonably be expected to adversely affect the ownership, use, occupancy or maintenance of the Property, whether insured or not.

Section 16. Entire Agreement.

This Agreement constitutes the sole and entire agreement among the parties hereto with regard to the subject matter hereof, and no modification of this Agreement shall be binding unless in writing and signed by Buyer and Seller. No prior agreement or understanding pertaining to the subject matter hereof (including, without limitation, any letter of intent executed prior to this Agreement) shall be valid or of any force or effect from and after the date hereof.

Section 17. No Representations or Warranties.

OTHER THAN AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN ANY CONVEYANCE DOCUMENT(S) DELIVERED BY SELLER OR ITS AFFILIATES TO BUYER AT CLOSING (THE “**CLOSING DOCUMENTS**”), SELLER IS NOT MAKING, NOR HAS IT AT ANY TIME MADE, AND BUYER HEREBY EXPRESSLY DISCLAIMS, ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESSED OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ZONING, TAX CONSEQUENCES, LATENT OR PATENT PHYSICAL OR ENVIRONMENTAL CONDITION, UTILITIES, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL APPROVALS, THE COMPLIANCE OF THE PROPERTY WITH GOVERNMENTAL LAWS, THE TRUTH, ACCURACY OR COMPLETENESS OF THE PROPERTY DOCUMENTS OR ANY OTHER INFORMATION PROVIDED BY OR ON BEHALF OF SELLER OR SELLER’S BROKERS, AGENTS OR EMPLOYEES TO BUYER, OR ANY OTHER MATTER OR THING REGARDING THE PROPERTY. BUYER ACKNOWLEDGES AND AGREES THAT, UPON CLOSING, SELLER SHALL CAUSE THE PROPERTY TO BE CONVEYED TO BUYER AND BUYER SHALL ACCEPT THE PROPERTY “AS IS, WHERE IS, WITH ALL FAULTS, IF ANY, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED” EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT OR IN ANY CLOSING DOCUMENTS. BUYER REPRESENTS TO SELLER THAT IT HAS CONDUCTED OR WILL CONDUCT ANY AND ALL INVESTIGATIONS OF THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, TITLE, SURVEY AND THE PHYSICAL AND ENVIRONMENTAL CONDITIONS OF THE PROPERTY (TO THE EXTENT PERMITTED HEREUNDER), AS BUYER DEEMS NECESSARY TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY CONDITIONS RELATING TO THE PROPERTY. EXCEPT WITH RESPECT TO THE EXPRESS REPRESENTATIONS AND WARRANTIES MADE BY SELLER HEREIN OR IN THE CLOSING DOCUMENTS, BUYER REPRESENTS THAT IT IS RELYING SOLELY UPON ITS OWN INSPECTIONS, INVESTIGATIONS AND RESEARCH AND THAT OF BUYER’S CONSULTANTS.

Section 18. Applicable Law.

This Agreement shall be construed under the laws of the State of New York, without giving effect to any conflict of laws or principles. If either party institutes legal suit or action for enforcement of any obligation contained herein, it is agreed that the venue of such suit or action

shall be in a state court of the State of New York or a United States District Court located in the State of New York, in either case having jurisdiction over the subject matter of such action.

Section 19. **Brokers.**

Buyer and Seller each hereby represent that there are no brokers involved or that have a right to proceeds in this transaction. Buyer and Seller acknowledge and agree that Seller has engaged Consultant, the charges for which shall be paid by Seller. Seller and Buyer each hereby agree to indemnify and hold the other harmless from all loss, cost, damage or expense (including reasonable attorneys' fees at both trial and appellate levels) incurred by the other as a result of any claim arising out of the acts of the indemnifying party (or others on its behalf) for a commission, finder's fee or similar compensation made by any broker, finder or any party who claims to have dealt with such party. The representations, warranties and indemnity obligations contained in this Section 19 shall survive the Closing or the earlier termination of this Agreement.

Section 20. **Attorneys' Fees.**

In any action between Buyer and Seller as a result of failure to perform or a default under this Agreement, the prevailing party shall be entitled to recover from the other party, and the other party shall pay to the prevailing party, the prevailing party's reasonable attorneys' fees and disbursements and court costs incurred in such action.

Section 21. **Exclusivity.**

So long as this Agreement remains in effect, Seller will not (and Seller shall cause its agents and representative not to) show, market, offer, negotiate or entertain offers to sell the Property or any portion thereof or interest therein to any party other than Buyer, nor will Seller (and Seller shall cause its agents and representative not to) conduct or continue discussions with any third party with respect to the same.

Section 22. **No Recording.**

Buyer may not record this Agreement or any memorandum or short form hereof.

Section 23. **Computation of Time.**

If the last day of any time period stated herein shall fall on a Saturday, Sunday or legal holiday, then the duration of such time period shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday or legal holiday. Unless preceded by the word "business," the word "day" shall mean a calendar day. The phrase "business day" or "business days" shall have the meaning set forth in Section 1. Time is of the essence with respect to this Agreement and the transactions contemplated hereby.

Section 24. **Counterparts; Electronic Signatures.**

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been signed by each of the parties and delivered to the other party. Signatures

to this Agreement, any amendment hereof and any notice given hereunder, delivered electronically via .pdf, .jpeg, .TIF, .TIFF or similar electronic format shall be deemed an original signature and fully effective as such for all purposes. Each party agrees to deliver promptly an executed original of this Agreement (and any amendment hereto) with its actual signature to the other party, but a failure to do so shall not affect the enforceability of this Agreement (or any amendment hereto), it being expressly agreed that each party to this Agreement shall be bound by its own electronically transmitted signature and shall accept the electronically transmitted signature of the other party to this Agreement.

Section 25. **Binding Effect.**

This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

Section 26. **No Offer.**

This Agreement is of no force or effect unless it is signed by Seller and Buyer, and a signed copy of this Agreement delivered by Seller to Buyer. The mailing, delivery or negotiation of this Agreement by Seller or Buyer or any agent or attorney of Seller or Buyer prior to the execution and delivery of this Agreement as set forth in this clause shall not be deemed an offer by Seller or Buyer to enter into this Agreement, whether on the terms contained in this Agreement or on any other terms.

Section 27. **Waiver of Trial by Jury.**

TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE RESPECTIVE PARTIES HERETO SHALL AND HEREBY DO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, OR FOR THE ENFORCEMENT OF ANY REMEDY GRANTED IN THIS AGREEMENT. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY SELLER AND BUYER, EACH OF WHOM HEREBY ACKNOWLEDGES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. SELLER AND BUYER EACH FURTHER REPRESENT THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

Section 28. **Assignment.**

This Agreement may not be assigned by Buyer or Seller without the prior written consent of the other such party. Notwithstanding the foregoing, Buyer may assign its rights under this Agreement, without the consent of Seller, to an affiliate of Buyer, being any entity which controls, is controlled by, or is under common control with Buyer (control meaning the power, through ownership of voting rights or contract, to manage the decision making of an entity). In addition,

Buyer shall have the right to direct Seller, upon written notice to Seller prior to Closing, to transfer the Property to one or more affiliates of Buyer in lieu of transferring the Property to Buyer at Closing but otherwise subject to and in accordance with this Agreement; provided that no such direction shall release Buyer from its obligations under this Agreement. Seller must be given notice of any assignment at least three (3) business days prior to Closing, which notice, to be effective, must be accompanied by a fully executed copy of the assignment. Any assignment must be in writing, assign all rights in the Earnest Money and contain an express assumption of all duties and obligations of Buyer under this Agreement. The final documents to be delivered at Closing, including, without limitation, the Deeds, shall be conformed to reflect the appropriate transferee as communicated by Buyer in accordance herewith.

Section 29. **Further Assurances.**

From time to time, as and when requested by any party hereto, the other party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all further or other actions as such other party may reasonably deem necessary or desirable to consummate the transactions contemplated by this Agreement.

Section 30. **Severability.**

If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 31. **Return of Earnest Money.**

Notwithstanding anything in this Agreement to the contrary, in any event where the Earnest Money is to be returned to Buyer, One Hundred Dollars (\$100.00) thereof shall be paid to Seller as consideration for the rights and privileges granted to Buyer herein, thus making this Agreement the valid and binding obligation of Buyer and Seller even though Buyer may have certain unilateral termination rights during certain periods under this Agreement.


[REMAINDER OF PAGE INTENTIONALLY BLANK; SIGNATURES APPEAR ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement for Purchase and Sale of Real Property as of the day and year first set forth above.

SELLER:

CITI TRENDS, INC.,

a Delaware corporation

By: 
Name: _____
Title: _____

[Signature Page to Agreement for Purchase and Sale of Real Property]

BUYER:

CTROOK001 LLC
CTDASC001 LLC,
each a Delaware limited liability company

By:



Name: Michael Reiter

Title: Authorized Representative


[Signature Page to Agreement for Purchase and Sale of Real Property]

JOINDER BY ESCROW AGENT

Escrow Agent joins in the execution of this Agreement to evidence its agreement to receive, hold and disburse funds and documents in accordance with the terms and provisions of this Agreement. Escrow Agent agrees to act as escrow holder with respect to the Earnest Money in accordance with the terms of this Agreement. Title Insurer agrees to act as the "Reporting Person" for this transaction and as defined in Section 6045(e) of the Internal Revenue Code and the regulations promulgated thereunder (collectively, the "**Reporting Requirements**") and to perform all duties that are required by the Reporting Requirements to be performed by the Reporting Person with respect to this transaction.

ESCROW AGENT:

CHICAGO TITLE INSURANCE COMPANY

By:  _____
Name: BEATA LEWIS
Title: AVP; ESCROW OFFICER

ESCROW NO. CCHI2201300NJ

[Signature Page to Agreement for Purchase and Sale of Real Property]

EXHIBITS AND SCHEDULES

- Exhibit A - Legal Description
 - Exhibit B - FIRPTA Affidavit
 - Schedule 1(o) - Escrow Provisions
 - Schedule 1(y) Basic Business Terms of the New Leases
 - Schedule 3(c) - Allocated Purchase Prices
 - Schedule 6(b) - Due Diligence Materials
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EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Legal Description of the Roland, OK Property

THE NW ¼ OF THE SW ¼ OF SECTION 23, TOWNSHIP 11 NORTH, RANGE 26 EAST, SEQUOYAH COUNTY, OKLAHOMA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT AN EXISTING MONUMENT MARKING THE NW CORNER OF THE NW ¼ OF THE SW ¼; THENCE ALONG THE NORTH LINE OF SAID FORTY, S 89° 31' 36" E, 1,324.43 FEET TO AN EXISTING MONUMENT MARKING THE NE CORNER OF THE NW ¼ OF THE SW ¼; THENCE ALONG THE EAST LINE OF SAID FORTY, S 00° 00' 40" W, 1,323.17 FEET TO AN EXISTING MONUMENT MARKING THE SE CORNER OF THE NW ¼ OF THE SW ¼; THENCE ALONG THE SOUTH LINE OF SAID FORTY, N 89° 33' 07" W, 1,324.16 FEET TO AN "X" IN CONCRETE MARKING THE SW CORNER OF THE NW ¼ OF THE SW ¼; THENCE ALONG THE WEST LINE OF SAID FORTY, NORTH 1,323.76 FEET TO THE POINT OF BEGINNING, CONTAINING 40.23 ACRES, ACCORDING TO SURVEY BY SATTERFIELD LAND SURVEYORS, P.A., DATED 4/27/2010, JOB NO. 37,240.

Ex. A

Legal Description of the Darlington, SC Property

BEGINNING AT A 5/8" ROD AT THE INTERSECTION OF THE NORTHERN RIGHT OF WAY OF ROAD S-16-177 AND THE WESTERN RIGHT OF WAY OF CSX TRANSPORTATION. THENCE TURNING AND PROCEEDING ALONG THE NORTHERN RIGHT OF WAY OF ROAD S-16-177 THE FOLLOWING COURSES AND DISTANCES: IN A DIRECTION OF S 76°23'50"W FOR A DISTANCE OF 355.09' TO A 5/8" ROD AND THEN IN A DIRECTION OF N 13°37'25"W FOR A DISTANCE OF 17.98' TO A 5/8" ROD, AND THEN IN A DIRECTION OF S 76°09'46"W FOR A DISTANCE OF 31.95' TO A 5/8" ROD, AND THEN IN A DIRECTION OF S 13°33'47"E FOR A DISTANCE OF 17.90' TO A 5/8" ROD, AND THEN IN A DIRECTION OF S 76°22'50"W FOR A DISTANCE OF 1148.89' TO A 1" PIPE; THENCE TURNING AND PROCEEDING ALONG A LINE THAT CONNECTS THE NORTHERN RIGHT OF WAY OF ROAD S-16-177 TO THE EASTERN RIGHT OF WAY OF U.S. HIGHWAY #52 IN A DIRECTION OF N 56°10'39"W FOR A DISTANCE OF 68.30' TO A 1/2" ROD; THENCE TURNING AND PROCEEDING ALONG THE EASTERN RIGHT OF WAY OF U.S. HIGHWAY #52 IN A DIRECTION OF N14°06'21"W FOR A DISTANCE OF 2236.97' TO A 1/2" ROD; THENCE TURNING AND PROCEEDING ALONG PROPERTY OF MOTIE G. BROWN IN A DIRECTION OF N77°23'09"E FOR A DISTANCE OF 395.34' TO A 1" ANGLE IRON; THENCE TURNING AND PROCEEDING THE FOLLOWING COURSES AND DISTANCES ALONG PROPERTY OF CITY OF DARLINGTON, SC IN A DIRECTION OF S14°04'10"E FOR A DISTANCE OF 150.26' TO A 1" ANGLE IRON, AND THEN IN A DIRECTION OF N77°23'08"E FOR A DISTANCE OF 450.21' TO A 1" ANGLE IRON, AND THEN IN A DIRECTION OF N14°06'27"W FOR A DISTANCE OF 183.36' TO A 1/2" ROD; THENCE TURNING AND PROCEEDING THE FOLLOWING COURSES AND DISTANCES ALONG PROPERTY OF RHETT W. GLEASON IN A DIRECTION OF N77°31'14"E FOR A DISTANCE OF 1150.68' TO A 5/8" ROD, AND THEN IN A DIRECTION OF S01°09'47"W FOR A DISTANCE OF 385.18' TO A 5/8" ROD, AND THEN IN A DIRECTION OF S02°19'16"E FOR A DISTANCE OF 1245.62' TO A 5/8" ROD, AND THEN IN A DIRECTION OF S88°52'52"E FOR A DISTANCE OF 125.00' TO A 5/8" REBAR; THENCE TURNING AND PROCEEDING ALONG THE WESTERN RIGHT OF WAY OF CSX TRANSPORTATION IN A DIRECTION OF S01°07'41"W FOR A DISTANCE OF 679.26' TO A 5/8" ROD, THIS BEING THE POINT OF BEGINNING. THIS PARCEL CONTAINS 91.27 ACRES (3,975,528 SQ.FT.).

Being the same property conveyed to Sara Lee Corporation by Title to Real Estate from Hobart Corporation dated February 18, 1993 and recorded in the Office of the Clerk of Court for Darlington County, South Carolina in Deed Book D39, Page 200.

Grant Reference Deed Book D39, Page 200.

TMS #143-00-02-052 and 143-00-02-001

Commonly known as: 1701 North Governor Williams Highway
Darlington, South Carolina

Ex. B

EXHIBIT B

FIRPTA AFFIDAVIT

Section 1445 of the Internal Revenue Code provides that a transferee of a U. S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon disposition of a U.S. real property interest by [_____] (“**Transferor**”), to [_____] a [_____] (“**Transferee**”), Transferor hereby certifies the following:

Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations).

Transferor is not a disregarded entity for federal income tax purposes.

Transferor’s U.S. taxpayer identification number is_____.

Transferor’s office address is [_____] [_____] [_____] [____].

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

SIGNATURE PAGE FOLLOWS

Ex. D

Transferor declares that it has examined this certificate and to the best of its knowledge and belief it is true, correct, and complete, and that the person signing below has authority to sign this document on behalf of Transferor.

Dated: [____], 202_

Transferor:

[•],
a [_____]

By: _____
Name: _____
Title: _____

Ex. D

NOTICE TO TRANSFEREE: You are required by law to retain this Certificate until the end of the fifth taxable year following the taxable year in which the transfer takes place and to make it available to the Internal Revenue Service if requested during that period.

Ex. D

SCHEDULE 1(o)

Escrow Provisions

The Earnest Money shall be held by the Escrow Agent, in trust, and disposed of only in accordance with the following provisions:

(a) Except as to deposits of funds for which Escrow Agent has received express written direction concerning investment or other handling, the parties hereto direct the Escrow Agent NOT to invest any funds deposited by the parties under the terms of this escrow and waive any rights which they may have under Section 2-8 of the Corporate Fiduciary Act (205 ILCS 620/2-8) to receive interest on funds deposited hereunder. In the absence of an authorized direction to invest funds, the parties hereto agree that the Escrow Agent shall be under no duty to invest or reinvest any such funds at any time held by it hereunder; and, further, that Escrow Agent may commingle such funds with other deposits or with its own funds in the manner provided for the administration of funds under said Section 2-8 and may use any part or all of such funds for its own benefit without obligation to any party for interest or earnings derived thereby, if any. Further, even with appropriate instructions to invest Earnest Money, Escrow Agent may commingle the Earnest Money with other funds in a trust account in order to facilitate placing the Earnest Money into a segregated interest bearing account and to disburse the Earnest Money once they have been removed from such segregated interest bearing account as required by the terms of this Agreement. Provided, however, nothing herein shall diminish Escrow Agent's obligation to apply the full amount of such funds in accordance with the terms of these escrow instructions.

(b) If the Closing occurs, the Escrow Agent shall deliver the Earnest Money to, or upon the instructions of, Seller and Buyer upon the Closing. If for any reason the Closing does not occur, the Escrow Agent shall deliver the Earnest Money to Seller or Buyer only upon receipt of a written demand therefor from such party, subject to the following provisions of this Schedule 1(o). Subject to the last sentence of this Schedule 1(o), if for any reason the Closing does not occur and either party makes a written demand (the "**Demand**") upon the Escrow Agent for payment of the Earnest Money, the Escrow Agent shall give written notice to the other party of the Demand within one (1) business day after receipt of the Demand. If the Escrow Agent does not receive a written objection from the other party to the proposed payment within five (5) business days after the giving of such notice by Escrow Agent, the Escrow Agent is hereby authorized to make the payment set forth in the Demand. If the Escrow Agent does receive such written objection within such period, the Escrow Agent shall continue to hold such amount until otherwise directed by written instructions signed by Seller and Buyer or a final judgment of a court. Notwithstanding the foregoing provisions of this Schedule 1(o) if Buyer delivers a notice to Escrow Agent on or prior to the expiration of the Due Diligence Period that Buyer has terminated this Agreement, then Escrow Agent shall immediately return the Earnest Money to Buyer without the necessity of delivering any notice to, or receiving any notice from Seller.

(c) Buyer and Seller acknowledge that the Escrow Agent is acting solely as a stakeholder at their request and for their convenience, that the Escrow Agent shall not be deemed to be the agent of any of Buyer or Seller, and that the Escrow Agent shall not be liable to any of Buyer

or Seller for any action or omission on its part taken or made in good faith, and not in disregard of this Agreement, but shall be liable for its negligent acts and for any liabilities (including reasonable attorneys' fees, expenses and disbursements) incurred by Seller or Buyer resulting from the Escrow Agent's mistake of law respecting the Escrow Agent scope or nature of its duties. Seller and Buyer shall jointly and severally indemnify and hold the Escrow Agent harmless from and against all liabilities (including reasonable attorneys' fees, expenses and disbursements) incurred in connection with the performance of the Escrow Agent's duties hereunder, except with respect to actions or omissions taken or made by the Escrow Agent in bad faith, in disregard of this Agreement or involving negligence on the part of the Escrow Agent. The Escrow Agent has executed this Agreement in the place indicated on the signature page hereof in order to confirm that the Escrow Agent has received and shall hold the Earnest Money in escrow, and shall disburse the Earnest Money pursuant to the provisions of this Schedule 1(o).

SCHEDULE 1(y).

Basic Business Terms of the New Lease

<u>Location</u>	<u>Approx. Square Footage</u>	<u>Term (Yrs.)</u>	<u>Annual Rent PSF*</u>	<u>Annual Rent*</u>
Roland , OK	561,761	20	\$4.34	\$2,438,043
Darlington, SC	530,520	20	\$4.90	\$2,599,548

*Rent amounts are for first lease year, with 2.0% annual increases for each lease year thereafter.

New Lease shall be triple-net, with six (6) 5-year renewal options exercisable at Tenant's sole discretion.

Pursuant to Section 3(d), Buyer will fund up to \$9,205,771.00 with respect to the Darlington Property and \$1,400,500.00 with respect to the Roland Property (with respect to each Property, the "**Capital Expenditure Amount**") for the construction of certain capital improvements approved by Landlord in accordance with the terms of the New Lease. In such event, the annual base rent shall be increased by an amount equal to 7% of such amount funded and the initial term of the New Lease, if applicable, shall be extended to the date that is twenty years following the date of such rent increase.

SCHEDULE 3(c)

Address	City	State	Purchase Price	Annual Rent
[TO BE PROVIDED]	Darlington	SC	\$ 37,136,400.00	\$ 2,599,548.00
[TO BE PROVIDED]	Roland	OK	\$ 34,829,182.00	\$ 2,438,043.00
			\$ 71,965,582.00	\$ 5,037,591.00

SCHEDULE 6(b)

Due Diligence Materials

1. Copies of all environmental, engineering, physical condition reports and/or ADA surveys
 2. Copies of latest revision survey(s) and site plan (delineating all improvements, easements, property lines, etc.)
 3. Certificate(s) of occupancy, if applicable
 4. Confirmation of zoning compliance
 5. Flood zone certificate
 6. Real estate tax bills for last two (2) years (and for current tax year) if available
 7. A copy of Seller's title insurance commitment and policy relating to each Property
 8. A copy of all architectural plans and specifications and construction drawings for improvements located on the Property, if available
 9. Current general liability and property insurance certificates
 10. Schedule of capital expenditures for the most recent five (5) years, if available, and budget for the next five (5) years, if available
 11. Electricity bills for the last 12 months
 12. Copies of the most recent appraisals of the Property
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CERTIFICATION

I, David N. Makuen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended April 30, 2022 of Citi Trends, 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: June 9, 2022

/s/ David N. Makuen

David N. Makuen

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION

I, Jason B. Moschner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended April 30, 2022 of Citi Trends, 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: June 9, 2022

/s/ Jason B. Moschner

Jason B. Moschner

Vice President of Finance

(Principal Financial Officer)

Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350, as adopted).

I, David N. Makuen, Chief Executive Officer of Citi Trends, Inc.,

and

I, Jason B. Moschner, Vice President of Finance of Citi Trends, Inc., certify that:

1. We have reviewed this quarterly report on Form 10-Q of Citi Trends, Inc. for the period ended April 30, 2022;
2. Based on our knowledge, this quarterly report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
3. Based on our knowledge, the financial statements, and other information included in this quarterly report, fairly present in all material respects the financial condition and results of operations of the registrant as of, and for, the periods presented in this quarterly report.

Date: June 9, 2022

/s/ David N. Makuen

David N. Makuen
Chief Executive Officer
(Principal Executive Officer)

Date: June 9, 2022

/s/ Jason B. Moschner

Jason B. Moschner
Vice President of Finance
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Citi Trends, Inc. and will be retained by Citi Trends, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
